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CIA Cold War Records

The CIA under Harry Truman

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Editor
Michael Warner

CIA History Staff
Center for the Study of Intelligence

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History Staff
Center for the Study of Intelligence
Central Intelligence Agency
Washington, DC
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The CIA under Harry Truman

Foreword

The History Staff is publishing this new collection of declassified documents in conjunction with the Intelligence History Symposium, "The Origin and Development of the CIA in the Administration of Harry S. Truman," which CIA's Center for the Study of Intelligence is cosponsoring in March 1994 with the Harry S. Truman Presidential Library and its Institute. This is the third volume in the CIA Cold War Records series that began with the 1992 publication of *CIA Documents on the Cuban Missile Crisis, 1962*, and continued with the publication in 1993 of *Selected Estimates on the Soviet Union, 1950-1959*. These three volumes of declassified documents—and more will follow—result from CIA's new commitment to greater openness, which former Director of Central Intelligence Robert M. Gates first announced in February 1992, and which Director R. James Woolsey has reaffirmed and expanded since taking office in February 1993.

The Center for the Study of Intelligence, a focal point for internal CIA research and publication since 1975, established the Cold War Records Program in 1992. In that year the Center was reorganized to include the History Staff, first formed in 1951, and the new Historical Review Group, which has greatly extended the scope and accelerated the pace of the program to declassify historical records that former Director William J. Casey established in 1985.

Dr. Michael Warner of the History Staff compiled and edited this collection of documents and all of its supporting material. A graduate of the University of Maryland, Dr. Warner took a history M.A. from the University of Wisconsin in 1984 and received his Ph.D. in history from the University of Chicago in 1990. Before joining the History Staff in August 1992, Dr. Warner served as an analyst in CIA's Directorate of Intelligence.

As with the previous volumes in this series, we are grateful for the abundant skill and help of the Historical Review Group, which persuaded a host of overburdened declassification reviewers in CIA and other agencies and departments not only to release these records, but also to do it

without delay. We again thank our History Assistant, Ms. Diane Marvin, and all those talented members of the Directorate of Intelligence's Design Center and Publications Center and of the Directorate of Administration's Printing and Photography Group whose professional contributions made this new volume possible.

J. Kenneth McDonald
Chief, CIA History Staff

Preface

Emerging from World War II as the world's strongest power, the United States was hardly equipped institutionally or temperamentally for world leadership. In the autumn of 1945 many Americans, in and out of government, were not at all eager to wield their nation's power to bring about some new global order. Indeed, many—perhaps most—Americans thought that victory over the Axis powers would in itself ensure peace and stability. In any event, Americans remained confident that the United States would always have enough time and resources to beat back any foreign threat before it could imperil our shores.

America's wartime leaders, however, knew from experience that the nation could never return to its prewar isolation. President Truman bore the full weight of this knowledge within weeks of the death of Franklin D. Roosevelt. In July 1945, as he discussed the future of Europe with Joseph Stalin, Winston Churchill, and Clement Attlee at Potsdam, Truman secretly authorized the use of atomic bombs on Japanese cities. The unexpectedly rapid defeat of Japan and the growing tensions between the United States and the USSR over occupation policies in Germany and Eastern Europe persuaded many observers that the wartime Grand Alliance of America, Britain, and Russia was breaking up, and that the United States might soon confront serious new dangers in the postwar world.

In responding to this challenge, the Truman administration in 1946 and 1947 created a new peacetime foreign intelligence organization that was not part of any department or military service. The early history of that new body, which became the Central Intelligence Agency (CIA), offers a window on the Truman administration's foreign policy—a window that this volume seeks to open a little wider. By describing American plans and actions in founding and managing the nation's new central intelligence service, this volume should help scholars to identify the key decisions that animated the CIA, and to fit them into the context of the Cold War's first years.

The CIA's early growth did not follow a predestined course. Two historical events—one past, the other contemporary—were uppermost in the minds of the Truman administration officials who founded and built CIA. The Japanese surprise attack on Pearl Harbor demonstrated that the United States needed an effective, modern warning capability. Soon after this disaster it was clear that the intelligence failure at Pearl Harbor was

primarily one of coordination—that analysts had failed to collate all available clues to Japanese intentions and movements. The second event—Stalin's absorption of Eastern Europe—occurred before the worried eyes of the Truman administration. The war in Europe was barely over when American and foreign reports on Soviet conduct in the occupied territories began to trouble observers in Washington, London, and other capitals. Although the lessons of Pearl Harbor were perhaps uppermost in the minds of the President and his advisers in 1946 and 1947, their concern over Soviet conduct eventually dominated the organization of a postwar intelligence capability.

During World War II the United States had built a formidable intelligence and covert action agency, the Office of Strategic Services (OSS). In 1944, its chief, William J. Donovan, formally urged the President to create a permanent, worldwide intelligence service after the war ended. President Roosevelt made no promises, and after Roosevelt's death (and the German surrender) President Truman felt no compulsion to keep OSS alive. America's commanders in the Pacific had no use for Donovan and OSS, and Truman himself feared that Donovan's proposed centralized, peacetime intelligence establishment might one day be used against Americans.[1]

Recognizing the need for an organization to coordinate intelligence for policymakers, however, President Truman had solicited proposals for creating such a capability even before he abolished OSS.[2] In his Executive order dissolving the Office on 1 October 1945, he noted that America needed "a comprehensive and coordinated foreign intelligence program." Over Donovan's objections, Truman gave the State Department the OSS Research and Analysis Branch, while the War Department adopted the remnants of the OSS clandestine collection and counterintelligence branches, which it named the Strategic Services Unit (SSU). The capability that OSS had developed to perform "subversive operations abroad" was abandoned.[3]

In late 1945 departmental attention and energies therefore turned to arguments over the powers to be given to a new intelligence office. The State, War, and Navy Departments, who quickly agreed that they should

[1]Richard Dunlop, *Donovan: America's Master Spy* (Chicago: Rand McNally, 1982), pp. 467-468; William J. Donovan to Harold D. Smith, Director, Bureau of the Budget, 25 August 1945, reproduced in Thomas F. Troy, *Donovan and the CIA: A History of the Establishment of the Central Intelligence Agency* (Washington: Central Intelligence Agency, 1981), p. 455.

[2]Harry S. Truman, *Memoirs: Years of Trial and Hope* (New York: Doubleday, 1956 [1965 paperback edition cited]), II: 73-76.

[3]William J. Donovan, Memorandum for the President, 13 September 45, Document 1; Executive Order 9621, 20 September 1945, Document 3.

oversee the proposed office, stood together against rival plans proposed by the Bureau of the Budget and J. Edgar Hoover's Federal Bureau of Investigation (FBI). The Army and the Navy, however, would not accept the State Department's demand that the new office's director be selected by and accountable to the Secretary of State. The services instead preferred a Joint Chiefs of Staff plan, which was also part of the report on armed services unification that Ferdinand Eberstadt had prepared for Navy Secretary James Forrestal.[4] In December 1945 an impatient President Truman asked to see both the State Department's and the Joint Chiefs' proposals and decided that the latter looked simpler and more workable. After the holidays President Truman created the Central Intelligence Group (CIG), in a diluted version of the JCS proposal.[5] President Truman persuaded one of the authors of the Eberstadt plan, Sidney Souers, a Missouri businessman and Naval Reserve Rear Admiral, to serve for a few months as the first Director of Central Intelligence (DCI).[6] And so on 22 January 1946 the Central Intelligence Group was born. Having signed a directive creating CIG, the President invited Rear Admiral Souers to the White House two days later to award him a black cloak and wooden dagger as mock symbols of office.[7]

With only a handful of staffers—most loaned from the State Department and the services—CIG was but a shadow of the wartime OSS.[8] Directed to coordinate the flow of intelligence to policymakers, it had no authority to collect clandestine foreign information from agents in the field or to effect consensus among the various intelligence-producing departments.[9] Last-minute compromises in the Joint Chiefs' plan to appease the State

[4]Troy, *Donovan and the CIA*, pp. 297-300, 315, 322; William D. Leahy, Memorandum for the Secretary of War and Secretary of the Navy, "Establishment of a central intelligence service upon liquidation of OSS," 19 September 1945, Document 2.

[5]Sidney W. Souers, Memorandum for Commander Clifford, 27 December 1945, Document 5; Troy, *Donovan and the CIA*, p. 339.

[6]Truman, *Memoirs: Years of Trial and Hope*, II: 74-76. Souers, a banker and insurance executive who had been a prewar pillar of the Democratic Party in St. Louis, later recalled that, on learning of Truman's nomination for the Senate in 1934, he had thought to himself, "I would not hire that man in my business for more than $250 a month." After the war Souers became close to Truman and served the President as the National Security Council's first executive secretary, from 1947 to 1950, and remained as an adviser on foreign affairs after leaving the NSC. William Hesboeffer and James Hanrahan, "Notes on the Early DCIs," *Studies in Intelligence* 33 (Spring 1989): 29.

[7]Truman to the Secretaries of State, War, and Navy, 22 January 1946, Document 7; Diary of William D. Leahy, 24 January 1946, Library of Congress.

[8]The history of CIG is recounted in several works. The most detailed is Arthur B. Darling, *The Central Intelligence Agency: An Instrument of Government, to 1950* (University Park, PA: Pennsylvania State University Press, 1990). Thomas Troy's *Donovan and the CIA* discusses the founding of CIG at length. Anne Karalekas provides a brief but clear synopsis in her "History of the Central Intelligence Agency," in William M. Leary, editor, *The Central Intelligence Agency: History and Documents* (University, AL: University of Alabama Press, 1984).

[9]In intelligence parlance, "clandestine collection" is a term for the secret gathering of information, often by espionage.

Department and the Bureau of the Budget had made CIG an interdepartmental body that lacked its own budget and personnel.[10] But from this humble beginning CIG soon began to grow. President Truman liked the Group's *Daily Summary*, which spared him the trouble of wading through the hundreds of intelligence and operational cables from overseas posts that the departments passed on to the White House.[11] CIG answered to the President through the National Intelligence Authority (NIA), which comprised the Secretaries of State, War, and Navy, joined by the President's representative, Fleet Admiral William Leahy, who was Chief of Staff to the Commander in Chief (and had headed the Joint Chiefs of Staff since 1942). This proximity to the Oval Office, along with Leahy's friendly patronage, gave DCI Souers more influence than CIG's weak institutional arrangements might indicate. The President read the CIG's *Daily Summary* and *Weekly Summary* six mornings a week, and Admiral Leahy helped the new Group overcome bureaucratic obstacles thrown in its path by jealous departments.[12]

After five quiet months as DCI, Rear Admiral Souers returned to civilian life and his business interests. Souers informally nominated Lt. Gen. Hoyt S. Vandenberg, US Army Air Forces, to follow him as DCI, knowing that Vandenberg had the clout and the inclination to build CIG into a position of real power in Washington. Nephew of the powerful Republican Senator, Arthur Vandenberg, the general had a distinguished war record in the Army Air Forces and aspired to command the independent United States Air Force that he hoped would soon be created. Although Vandenberg saw his stint with CIG as a temporary detour in his military career, he made the most of this opportunity to demonstrate his political and administrative talents by setting aside parochial service interests and working to expand the Group's power and responsibility.[13] Under his year-long directorship, CIG gained an independent budget and work force, and won authority to collect and analyze—as well as collate—intelligence.[14] General Vandenberg also persuaded the White House that

[10] Troy, *Donovan and the CIA, p. 346.*

[11] CIG sent its first *Daily Summary* to the President on 15 February 1946; see Central Intelligence Group, *Daily Summary*, 15 February 1946, Document 10; Montague, Memorandum for the Assistant Director, R&E [J. Klahr Huddle], "Conversation with Admiral Foskett regarding the C.I.G. Daily and Weekly Summaries," 26 February 1947, Document 27. For a glimpse at how the Daily Summary was written and edited in the early days, see Russell Jack Smith, *The Unknown CIA: My Three Decades with the Agency* (Washington: Pergamon-Brassey's, 1989), pp. 31-38.

[12] For an example of Admiral Leahy's patronage, see Darling, *The Central Intelligence Agency*, pp. 200-201.

[13] Phillip S. Meilinger, *Hoyt S. Vandenberg: The Life of a General* (Bloomington: Indiana University Press, 1989), p. 71.

[14] National Intelligence Authority, minutes of the NIA's 4th meeting, 17 July 1946, Document 13. CIG personnel numbered approximately 100 when Vandenberg became DCI in June 1946; six months later CIG had more than 1,200 people. Karalekas, "History of the Central Intelligence Agency," pp. 24, 26.

CIG in its present form was unworkable, and that a true central intelligence agency needed substantial bureaucratic independence and Congressional authorization.[15]

CIG grew as the Truman administration girded itself to contain the Soviet Union in Europe. In July 1946, to evaluate the increasingly disturbing cables and reports flowing into CIG, General Vandenberg created an Office of Research and Evaluation (which was soon renamed the Office of Reports and Estimates [ORE], at the State Department's insistence). Although its structure prevented it from producing much more than "current intelligence" (daily and weekly analyses of events as they happen), ORE sent some short but timely analytical papers to policymakers.[16] The first of these, "Soviet Foreign and Military Policy" (ORE 1), was produced and informally coordinated in just four days in response to an anxious request from the White House.[17] ORE 1's prediction that Moscow would be "grasping and opportunistic" echoed the "long telegram" on Soviet policy and conduct that Chargé d'Affaires George Kennan had sent from Moscow in February 1946, and seemed borne out by the accelerating pace of events.[18] Across Eastern Europe, CIG reported, Soviet occupation authorities worked with brutal efficiency to subvert the elections mandated by wartime agreements, imposing Communist-dominated regimes while using diplomacy and subterfuge to confuse the West and spur the pace of Western demobilization.[19] When Britain in February 1947 announced its intention to withdraw from Greece, leaving the field to Communist insurgents, the President announced his "Truman Doctrine" to a joint session of Congress on 12 March. Going beyond the crises in Greece and Turkey, President Truman depicted the Soviet advance in lowering terms:

> The peoples of a number of countries of the world have recently had totalitarian regimes forced upon them against their will. The Government of the United States has made frequent protests against intimidation, in violation of the Yalta agreement, in Poland, Rumania, and Bulgaria.

[15] George Elsey, Memorandum for the Record, 17 July 1946, Document 12.

[16] Donald Edgar to the Executive to the Director [Edwin K. Wright], "An Adequacy Survey of 'The Adequacy Survey of the CIG Daily and Weekly Summaries' as it was Prepared by OCD on 9 December 1946," 2 January 1947, Document 22.

[17] Clifford to Leahy, 18 July 1946, Document 14. Clark Clifford and George Elsey requested ORE 1 as they prepared a paper known today as the Clifford-Elsey Report. The President had asked Clifford for an account of Soviet violations of wartime and postwar agreements, and Clifford's assistant George Elsey used this request to organize a comprehensive review of Soviet-American relations. (Robert J. Donovan, *Conflict and Crisis: The Presidency of Harry S. Truman, 1945-1948* [New York: W.W. Norton, 1977], p. 221.)

[18] Office of Research and Evaluation, ORE 1, "Soviet Foreign and Military Policy," 23 July 1946, Document 15. DCI Vandenberg soon afterward reiterated the message of ORE 1 in a letter to the President, saying that Moscow had recently stepped up its war of nerves with the West but was not yet preparing to invade Western Europe; see Vandenberg, Memorandum for the President, 24 August 1946, Document 18.

[19] Office of Reports and Estimates [ORE], ORE 1/1, "Revised Soviet Tactics in International Affairs," 6 January 1947, Document 23. Hereinafter, ORE reports will be cited only by title and number.

Democracy was threatened by a system that "relies upon terror and oppression, a controlled press and radio, fixed elections, and suppression of personal freedoms." The President then stated the heart of his doctrine of containment: "I believe it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures." [20] Senator Arthur Vandenberg, now president *pro tem* of the Senate, helped the President persuade the Republican-controlled Congress to back this step. A few months later, in June 1947, Secretary of State George Marshall proposed his famous plan for the reconstruction of the European economy. Moscow rejected the Marshall Plan, and its client states followed suit.[21]

All the while CIG had been expanding its capabilities. The Group gained authority in August 1946 to analyze intelligence on foreign atomic weapons and development.[22] More important, CIG in 1946 and early 1947 absorbed the War Department's Strategic Services Unit, the remnants of the old OSS foreign collection and counterespionage branches. In a sense, this was like a mouse eating an elephant. SSU was much larger than CIG, with dozens of overseas stations and its own procedures and files running back to its wartime OSS origins; it was SSU that kept alive the spirit of the old OSS and eventually bequeathed it to CIA. The acquisition of SSU gave CIG the responsibility and capability to collect clandestine foreign intelligence independently of other departments and services. In addition, General Vandenberg wrested the mission of gathering intelligence in Latin America away from FBI chief J. Edgar Hoover.[23] CIG's worldwide collection capability was based in the new Office of Special Operations, America's first, civilian clandestine service.[24] When General Vandenberg returned to the Army Air Forces in May 1947, his CIG had become an important source of information for the President.

The rapid growth of one agency usually elicits an opposite (but not always equal) resistance from officials and agencies that stand to lose influence and resources to the expanding office. DCI Vandenberg met this kind of resistance in meetings of the Intelligence Advisory Board (IAB), a panel of uncertain authority comprising the chiefs of the departmental and service intelligence staffs, which had been created to help the DCI coordinate intelligence. Vandenberg wanted the Director of Central Intelligence to dominate the IAB as the "executive agent" of the National

[20] Quoted in Donovan, *Conflict and Crisis*, p. 284.

[21] Melvyn P. Leffler, *A Preponderance of Power: National Security, the Truman Administration, and the Cold War* (Stanford, CA: Stanford University Press, 1992), pp. 184-186.

[22] Leahy to the President, 21 August 1946, Document 17.

[23] Leahy to General [Hoyt S.] Vandenberg, 12 August 1946, Document 16.

[24] Vandenberg, Memorandum for the Assistant Director for Special Operations [Donald Galloway], "Functions of the Office of Special Operations," 25 October 1946, Document 20.

Intelligence Authority and to be answerable through the NIA to the President. Although the NIA approved his suggestion in February 1947, the other members of the IAB balked at Vandenberg's broad interpretation of his powers, and the general's successor as DCI felt the inevitable backlash.[25]

To alternate DCIs from the Army and Navy, the White House in early 1947 looked for an admiral to succeed Vandenberg. On the advice of James Forrestal, President Truman tapped Roscoe H. Hillenkoetter, who had been a naval attaché in Vichy and Paris and served as chief of intelligence for Admiral Nimitz in the Pacific war. A newly promoted rear admiral, Hillenkoetter had neither Vandenberg's rank nor his aggressiveness.[26]

Hillenkoetter took only a marginal role in the debate over the proposed National Security Act of 1947 (indeed, former DCI Vandenberg continued to testify before Congress on the CIA section of the bill even after Hillenkoetter had become DCI).[27] Along with transforming CIG into the Central Intelligence Agency, the bill also proposed to form an independent Air Force, to place the armed services under a new Secretary of Defense, and to create a National Security Council (NSC) to coordinate defense and foreign policy. Although Congressional debates over the bill focused on its "unification" of the military, some Congressmen worried that the new CIA was a potential American Gestapo until General Vandenberg and other officials explained that the bill's vague section on the CIA gave the Agency no police or subpoena powers, or internal security mission.[28]

The National Security Act won Congressional passage in July 1947, in a vote that was Congress's first word on the executive branch's creation of a peacetime foreign intelligence establishment (Congress had had virtually no role in the origin and development of CIG).[29] The Act recognized and codified both President Truman's original January 1946 CIG directive and General Vandenberg's bureaucratic victories, although for tactical reasons the White House had kept the Act's section on the CIA as brief as possible and postponed a full enumeration of the Director's powers.[30]

[25] National Intelligence Authority, minutes of the NIA's 9th meeting, 12 February 1947, Document 26.

[26] After Souers had initially declined the job in late 1945, Forrestal had proposed then Captain Hillenkoetter to be first DCI. Although Admiral Leahy admired Hillenkoetter, he drafted Souers, who had a higher rank and better understood the debates and compromises that had gone into the formation of CIG. Ludwell L. Montague, *General Walter Bedell Smith as Director of Central Intelligence* (University Park: Pennsylvania State University Press, 1992), pp. 35-36.

[27] Montague, *Vandenberg*, p. 77.

[28] Darling, *The Central Intelligence Agency*, pp. 176-177.

[29] National Security Act of 1947, 26 July 1947, Document 30.

[30] Fleischmann, Memorandum for the Record, "Proposed Legislation for C.I.G.," 28 January 1947, Document 24; Hoey to Clifford, "Central Intelligence Group," 14 March 1947, Document 29.

The Central Intelligence Group formally became the Central Intelligence Agency on 18 September 1947, although Congress did not pass comprehensive enabling legislation for the Agency until mid-1949.[31]

That the CIA continued to grow under Hillenkoetter's directorship owed more to the alarming world situation than to any empire building on his part. Before the autumn of 1947 American concern over Soviet behavior in Eastern Europe had been one of several forces behind the creation of CIG and its successor, CIA, but the events of the winter of 1947-48 made this concern predominant in the development of the CIA's authority and capabilities. Massive Communist-run strikes in France and Italy late in 1947, followed by the coup d'état in Czechoslovakia in February 1948, suggested that Stalin might not give the Marshall Plan (which was still hung up in Congress) time to rebuild the economies of Western Europe. Officials in the Truman administration decided that America had to fight fire with fire, matching the Soviets in propaganda and subterfuge.

Up to this time, however, no one had thought much about the nature and implications of covert action. The very term was rarely used. Instead, officials referred to separate components of what would later be collectively classed as covert operations. "Morale operations" or "psychological warfare" (essentially propaganda but embracing a variety of open and clandestine methods of bringing a message home to a target group) seemed to be something the State Department should do, at least in peacetime. On the other hand, unconventional, paramilitary, and sabotage operations looked useful for wartime; any capability to perform them seemed logically to belong to the military. What complicated the situation still further was that the Soviet Union, while not at war with anyone, had launched a political offensive apparently aimed at conquering peoples and territories as completely as if by armed invasion. This was truly "cold war," and it confused the already murky issue of "peacetime" versus "wartime" operations.

Truman administration officials responded to the ambiguous situation with a creative ambiguity of their own. In November 1947 the new National Security Council briefly considered assigning the peacetime psychological warfare mission to the State Department, until dissuaded by Secretary of State George Marshall, who insisted that such a role might embarrass his Department and harm American diplomacy. State and the military, however, still wanted a degree of control over psychological

[31] Hillenkoetter to the National Intelligence Authority, "National Security Act of 1947," 11 September 1947, Document 31; Central Intelligence Agency Act of 1949, 20 June 1949, Document 53. The 1949 Act finally regularized the CIA's budget, which until then had been a "special working fund" collected from the Departments of State, War, and Navy. The CIA Act of 1949 also gave statutory recognition to the DCIs' practice of spending unvouchered funds on clandestine collection and operations.

operations. The fledgling CIA seemed the best place to put this capability; the Agency had a worldwide net of operatives (many of them OSS veterans) trained in clandestine work, and it possessed unvouchered funds, which meant there would be no immediate need to approach Congress for new appropriations.[32] In December 1947 the National Security Council—over the misgivings of DCI Hillenkoetter—issued NSC 4-A. The directive pointed to "the vicious psychological efforts of the USSR, its satellite countries and Communist groups" and determined that CIA was "the logical agency" to conduct

> covert psychological operations designed to counteract Soviet and Soviet-inspired activities which constitute a threat to world peace and security or are designed to discredit and defeat the aims and activities of the United States in its endeavors to promote world peace and security.[33]

NSC 4-A made the DCI alone responsible (and accountable to the NSC) for psychological operations, leaving him wide discretion in selecting targets and techniques.[34]

With the assignment of the covert "psychological" mission, CIA had arrived as an important component of the Washington foreign policy establishment—one that was soon exercising its new authority to run operations in Europe. The Agency had its critics—such as 1948 Republican presidential candidate Thomas Dewey, who attacked the CIA for not warning of unrest in Colombia before Secretary of State Marshall attended the April 1948 Bogota conference of the Organization of American States. The CIA, however, also had strong defenders in Congress and the executive branch. Indeed, informed opinion blamed the State Department, not the Agency, for ignoring CIA's warning about the potential for riots in Bogota.[35] The White House had not joined in the criticism of Hillenkoetter over the riots; President Truman was getting a steady stream of reports and analyses from CIA on issues ranging from the events in Western Europe to the proposed partition of Palestine.[36] Even before the Bogota incident, the new Special Procedures Branch (later Group) of the Office of Special Operations began operations against the Communists in

[32] Darling, *The Central Intelligence Agency*, pp. 253-262; Karalekas, "History of the Central Intelligence Agency," pp. 40-41.
[33] National Security Council, NSC 4-A, 17 December 1947, Document 35.
[34] Darling, *The Central Intelligence Agency*, pp. 260-261.
[35] Pforzheimer to Arthur H. Schwartz, 6 May 1948, Document 39.
[36] See, for example, ORE 55, "The Consequences of the Partition of Palestine," 28 November 1947, Document 33; ORE 47/1, "The Current Situation in Italy," 16 February 1948, Document 37.

Europe.[37] Although some of these anti-Soviet activities ultimately proved futile, others worked as planned.

OSO's foray into covert action did not last long. While the CIA gained in stature and influence as the Cold War deepened, DCI Hillenkoetter's own standing with the NSC and the other departments declined. Hillenkoetter's slow and cautious use of his mandate to conduct covert action satisfied neither State nor Defense. At State in the spring of 1948 Policy Planning Staff chief George Kennan argued that the US Government needed a capability to conduct "political warfare" (psychological warfare along with direct covert intervention in the political affairs of other nations). Believing this role too important to be left to the CIA alone, Kennan led the State Department's bid to win substantial control over covert operations. State was backed by the military, which advocated an independent, or at least more powerful, psychological warfare office.[38] Hillenkoetter saw what was coming and did his best to resist it, complaining to former DCI Sidney Souers (whom the President had persuaded to return to Washington to serve as NSC Executive Secretary) that CIA was in danger of losing control over psychological warfare.[39]

The DCI's complaints tempered but did not prevent the NSC decision to intrude on CIA's turf in a new directive, NSC 10/2, issued in June 1948 just as the Soviets clamped a blockade on West Berlin.[40] The directive technically expanded CIA's writ while actually infringing upon the Agency's freedom of action. It directed CIA to conduct "covert" rather than merely "psychological" operations to include

> propaganda, economic warfare; preventive direct action, including sabotage, anti-sabotage, demolition and evacuation measures; subversion against hostile states, including assistance to underground resistance movements, guerrillas and refugee liberation groups, and support of indigenous anti-Communist elements in threatened countries of the free world.[41]

At the same time, NSC 10/2 decreed that covert action would be run by a new office administratively quartered in CIA but supervised by the State Department and the military. In wartime the entire apparatus would shift to the Joint Chiefs' bailiwick and would conduct unconventional operations against the enemy. The anomalous new unit, called the Office of

[37] The Special Procedures Branch had been established in OSO at the end of 1947 in response to NSC 4-A. For more on OSO's covert action efforts, see Hillenkoetter, Memorandum for the Assistant Director for Special Operations [Galloway], "Additional Functions of the Office of Special Operations," 22 March 1948, Document 38.

[38] Darling, *The Central Intelligence Agency*, pp. 263-268.

[39] Hillenkoetter, Memorandum for the Executive Secretary, "Psychological Operations," 11 May 48, Document 40; Hillenkoetter to J.S. Lay, 9 June 1948, Document 41.

[40] For an early CIA analysis of the Berlin crisis, see ORE 41-48, "Effect of Soviet Restrictions on the US Position in Berlin," 14 June 1948, Document 42.

[41] National Security Council, NSC 10/2, 18 June 48, Document 43.

Policy Coordination (OPC), began life in the summer of 1948 under the directorship of Frank G. Wisner, an OSS veteran who had been serving as deputy to the Assistant Secretary of State for the Occupied Areas.[42]

As Assistant Director for Policy Coordination, Wisner's mission was broad—perhaps too much so. NSC 10/2's phrase "covert operations" covered activities ranging from propaganda to economic sabotage to war planning. The vagueness of this mandate reflected its novelty, for American officials had little experience with such methods and no body of doctrine governing their use in peacetime. OPC never let indecision deter it, however, and quickly threw itself into a wide variety of operations. The affable but intense Wisner established a working relationship with DCI Hillenkoetter, but for operational direction Wisner looked more to George Kennan and the State Department's Policy Planning Staff. This was to be expected, given Wisner's connections at State and Kennan's strong personality and ideas. Kennan and State's representative at OPC, Robert P. Joyce, pushed OPC to undertake large-scale, continuing covert operations even before the Office could establish procedures and hire the required personnel.[43]

With OPC now in the game, the CIA's espionage-oriented Office of Special Operations largely bowed out of covert action, a field it had only recently entered. Yet there was immediate tension between the two offices, which never truly worked as a team. Wisner's well-funded OPC was soon competing with OSO for the services of the same agents and groups in the field and squabbling with it at Headquarters. The sense of competition was heightened by professional and even social distinctions between officers of the two offices. Many OSO officers who had served in OSS and stuck with the intelligence business through lean times in SSU and CIG considered the new OPC hands amateurs and novices. OPC was awash in funds and expanding rapidly, however, and Wisner's new officers were often better paid than their veteran OSO counterparts. Each Office tended to discount the importance of the other's work: OSO people disdained OPC activists as "cowboys"; while many in OPC viewed their mission as more important than the espionage of OSO's plodding case

[42] Darling, *The Central Intelligence Agency*, pp. 262-273; Karalekas, "History of the Central Intelligence Agency," pp. 41-42.

[43] Frank G. Wisner, Memorandum for the Director of Central Intelligence, "OPC Projects," 29 October 1948, Document 47; Hillenkoetter, Memorandum for the Record, 4 August 1948, Document 44; Lawrence R. Houston, Memorandum for the Director, "Responsibility and Control for OPC," 19 October 1948, Document 46. Joyce was a Foreign Service officer who had also served in OSS in the war, and in OSO until 1947.

officers. The OSO-OPC rivalry soon prompted CIA officials to consider a merger.[44]

The disconnect between OPC and OSO was only one manifestation of the CIA's internal disorganization under DCI Hillenkoetter—a situation that an NSC study group report made painfully obvious in early 1949. Secretary of Defense Forrestal had selected three New York lawyers—Allen Dulles, William Jackson, and Matthias Correa, all of whom had intelligence experience—to survey the Agency and report to the NSC on its workings. Their survey was hardly disinterested. Allen Dulles, the panel's chairman, was a Republican supporter of Thomas Dewey's 1948 presidential bid who believed that CIA should be headed by a civilian.[45] Indeed, Dulles was one of many OSS veterans who believed along with General Donovan that the nation had to have a peacetime secret service that looked a lot like OSS. By late 1948 the CIA had gradually acquired the powers and responsibilities wielded by OSS in World War II, and now Dulles apparently believed that CIA, having become a new OSS, had to be cured of some of the problems that had affected its predecessor. To no one's surprise, the Dulles-Jackson-Correa survey criticized Admiral Hillenkoetter and recommended sweeping reforms. OPC and OSO should be merged. The DCI should wield more authority to coordinate intelligence, as General Vandenberg had proposed. The Office of Reports and Estimates (ORE), which had focused on briefing the President and only informally coordinated its analysis with other departments, should be divided into a current intelligence section and a small staff of experts to write truly national intelligence estimates. The NSC adopted these recommendations almost *in toto* in a new directive, NSC 50, given to DCI Hillenkoetter in July 1949.[46]

Confronted by such criticism and the daunting task of implementing the reforms required by NSC 50, Hillenkoetter temporized while waiting for the White House to appoint his successor. President Truman, however, postponed this step for a year. Hillenkoetter had done nothing egregiously wrong, and he had kept open the CIA's lines to the Oval Office and the NSC. The real problem, however, was finding Hillenkoetter's replacement. According to Sidney Souers, the President was loath to appoint anyone recommended by his new Secretary of Defense, Louis Johnson,

[44] Wisner, Memorandum for the Director of Central Intelligence, "Observations upon the report of the Dulles-Jackson-Correa report to the National Security Council," 14 February 1949, Document 49; C. Offie to ADPC, "Conversation with Messrs. [ ]—15, 16 April 1950," 24 April 1950, Document 59; Lyman B. Kirkpatrick, Memorandum for the Deputy Director of Central Intelligence, "Problems of OSO," 8 June 1951, Document 68.

[45] Montague, *General Walter Bedell Smith as Director of Central Intelligence*, p. 42.

[46] National Security Council, NSC 50, 1 July 1949, Document 54; Hillenkoetter, Memorandum for CIA Assistant Directors, "Approval by the NSC of Much of the Dulles Report," 12 July 1949, Document 55.

whom he despised. At the same time, the recently appointed Secretary of State, Dean Acheson, felt it inappropriate to offer any names of his own without a specific request from the White House.[47] Meanwhile, the Agency continued to drift. Only Frank Wisner's energetic but loosely organized OPC was laying ambitious plans at this point; the Office was fairly brimming with ideas for exploiting the Tito-Stalin dispute and using "counterpart" funds from the Marshall Plan to strengthen leftwing but anti-Communist leaders and intellectuals in Western Europe.[48]

Events in Asia soon forced the CIA to reform. By the end of 1949 China had fallen to the Communists and Stalin had his own atomic bomb.[49] In April 1950 the National Security Council issued NSC 68, which reexamined America's strategic objectives in the dim light of the Cold War and painted the global battle between freedom and tyranny in apocalyptic terms:

> The assault on free institutions is world-wide now, and in the context of the present polarization of power a defeat of free institutions anywhere is a defeat everywhere.

Frustrating the Kremlin's designs meant shifting from the defensive to "a vigorous political offensive against the Soviet Union."[50] NSC 68 spurred OPC to new efforts as soon as the draft directive was circulated in April 1950.[51] It nevertheless took Communist North Korea's invasion of its southern neighbor in June 1950 to energize Washington, prompt widespread assent to NSC 68, and provoke major changes at CIA. With America again at war and the threat of a wider, perhaps worldwide, conflict apparently looming, OPC's budget expanded dramatically and its focus shifted from essentially defensive psychological operations to active economic, political, and even military actions. CIA's failure to provide better warning of the Korean invasion made it impossible for the White House to delay Admiral Hillenkoetter's replacement any

[47] According to Admiral Souers, in the President's 1948 campaign someone had promised Louis Johnson his choice of Cabinet posts in return for taking the apparently thankless post of campaign finance chairman. Appalled by this deal, Truman nonetheless felt bound by it when Johnson insisted on becoming Secretary of Defense in the place of the ailing James Forrestal. Montague, *General Walter Bedell Smith as Director of Central Intelligence*, pp. 47, 53-54; Henhoeffer and Hanrahan, "Notes on the Early DCIs," p. 32.

[48] See, for example, Finance Division to Executive, OPC [Wisner], "CIA Responsibility and Accountability for ECA Counterpart Funds Expended by OPC," 17 October 1949, Document 57.

[49] ORE 29-49, "Prospects for Soviet Control of a Communist China," 13 April 1949, Document 52; ORE 32-50, "The Effect of the Soviet Possession of Atomic Bombs on the Security of the US," 9 June 1950, Document 60.

[50] National Security Council, NSC 68, 14 April 1950, *Foreign Relations of the United States*, 1950, I: 240, 263, 282. George Kennan's successor at State as Director for Policy Planning, Paul Nitze, was the principal drafter of NSC 68.

[51] C. V. H. [Charles V. Hulick] Memorandum for the Record, "Policy Guidance," 19 April 1950, Document 58.

longer.[52] Even before the invasion, President Truman had decided—apparently on the advice of his aide Averell Harriman—that Lt. Gen. Walter Bedell Smith, US Army, would be the next Director of Central Intelligence. Smith did not want the job at first, but after war broke out he finally accepted the appointment. Confirmed by the Senate in late August, his prolonged convalescence from surgery prevented him from taking office until October.[53]

Although Smith had little experience in intelligence, he had been well briefed and arrived at CIA with the determination and mandate to reshape the organization and make it work as a team. He had been General Eisenhower's chief of staff during the war and had afterward succeeded Averell Harriman as Ambassador to Moscow, spending three years in Russia observing the Soviets at close hand. Taking NSC 50 as his blueprint, Smith brought William Jackson aboard as Deputy Director of Central Intelligence to carry out almost all of the NSC's recommendations.[54] Small in stature but possessed of a keen intellect and a sharp tongue (his temper was only worsened by lingering side effects of his recent operation), Smith ruled the Agency with an iron hand, impatiently hazing even his most senior lieutenants but inspiring a strong sense of loyalty and drive in virtually everyone who worked with him.

One of Smith's first steps was to break up the drifting Office of Reports and Estimates into three new offices, one for estimates, one for current intelligence, the last for reports.[55] His new Office of National Estimates (ONE) was a small group of scholars and senior officials exempted from potentially distracting administrative duties and directed to concentrate on writing estimates that could win governmentwide assent. The new DCI also transformed the ORE reporting section into the more efficient Office of Current Intelligence, which soon began publishing a new *Current Intelligence Bulletin* in the place of the old *Daily Summary.* The remainder of ORE became the Office of Research and Reports (ORR).

[52] CIA did not provide adequate tactical warning of the North Korean attack in 1950, although in early 1949 it had predicted that the planned "withdrawal of US forces from Korea in the spring of 1949 would probably in time be followed by an invasion"; see ORE 3- 49, "Consequences of US Troop Withdrawal From Korea in Spring, 1949," 28 February 1949, Document 51.

[53] Smith had suffered for years from ulcers, and his doctors finally resolved the condition by removing much of his stomach in the summer of 1950. Montague, *General Walter Bedell Smith as Director of Central Intelligence*, pp. 55-56.

[54] Smith initially did not want to merge OSO and OPC, according to Ludwell Montague; *General Walter Bedell Smith as Director of Central Intelligence*, p. 219. For an example of the briefing papers seen by the general, see Houston to Walter B. Smith, 29 August 1950, Document 63.

[55] ORE had always had trouble winning cooperation from other offices and agencies. See, for example, Ludwell L. Montague to Vandenberg, "Procurement of Key Personnel for ORE," 24 September 1946, Document 19; Chief, DPub [R. Jack Smith] to AD/ORE [Theodore Babbitt], "Contents of the Daily Summary," 21 September 1950, Document 62.

At Smith's direction, Frank Wisner informed the Departments of State and Defense that OPC would henceforth be subject to the DCI as a regular office of the CIA.[56] This step, combined with a "geographic-area division" system of organization and a more exacting process for reviewing proposed operations—both of which had been instituted in the summer of 1950—allowed Wisner to ensure that OPC's rapid expansion over the next two years never got completely out of hand.

Allen Dulles joined the Agency in early 1951 as its first Deputy Director for Plans, charged with supervising OSO and OPC. With Dulles aboard, the idea of merging the two offices steadily gained ground, despite the qualms of DCI Smith and some officers in OSO.[57]

The war in Asia created an enormous demand for analysis and new covert operations.[58] In response, CIA's budget and work force grew almost exponentially, to the point that Agency and Congressional officials were forced to find new ways to hide allocations for the Agency in published reports on the budget.[59] The new covert operations themselves were becoming more sophisticated and daring: some even used American voluntary organizations such as the National Student Association as (sometimes unwitting) agents of influence with foreign anti-Communist leaders and groups.[60]

In just three years, covert action had become the most expensive and bureaucratically prominent of CIA's missions.[61] The growing predominance of the covert action mission even began to affect the Agency's intelligence product. For example, Frank Wisner's Special Assistant for Latin America, J. C. King, bypassed the Office of Current Intelligence and the Office of National Estimates to send to the White House his own

[56] Wisner, Memorandum for Director of Central Intelligence, "Interpretation of NSC 10/2 and Related Matters," 12 October 1950, Document 64.

[57] Smith wanted to maintain a clear distinction between clandestine collection and covert action, according to Montague, and also hoped the Joint Chiefs of Staff would take over OPC's large guerrilla operations in East Asia. Dulles, on the other hand, was joined in his advocacy of an OSO-OPC merger by ADPC Frank Wisner and ADSO Willard Wyman, although more than a few OSO officers looked on OPC as an upstart and did not want to merge with it. Montague; *General Walter Bedell Smith as Director of Central Intelligence*, pp. 219-226.

[58] For examples of CIA analysis of the Korean war, see Smith, Memorandum for the President, 12 October 1950, Document 65; NIE 12, "Consequences of the Early Employment of Chinese Nationalist Forces in Korea," December 1950, Document 66.

[59] Pforzheimer, Memorandum for the Record, "CIA Appropriations," 25 October 1951, Document 74.

[60] Milton W. Buffington to CSP [Lewis S. Thompson], "United States National Student Association," 17 February 1951, Document 67; Wisner to Deputy Assistant Director for Policy Coordination, "Reported Crisis in the American Committee for Cultural Freedom," 7 April 1952, Document 77.

[61] Much of the Agency's growth took place in OPC. In 1949 the Office had 302 people and a budget of approximately $4.7 million. In 1952 it employed 2,812 (plus 3,142 overseas contract personnel) and its budget was $82 million. Ranelagh, "History of the Central Intelligence Agency," p. 43.

estimate of the deteriorating situation in Guatemala.[62] DCI Smith complained more than once that covert action, particularly in support of the Korean war effort, was distracting the Agency from the gathering and analysis of intelligence; at one staff meeting he caustically wondered aloud whether CIA would continue as an intelligence agency or become the administration's "cold war department." [63] He asked the NSC for a ruling on the proper "scope and magnitude" of CIA operations, and in October 1951 the Council responded with NSC 10/5, which endorsed the Agency's anti-Communist campaign and further expanded its authority over guerrilla operations. Smith reluctantly went along with NSC 10/5 and the proposed merger of OPC and OSO, which took place 1 August 1952.[64] Indeed, under DCI Smith the major functions of the Agency were consolidated in three directorates: plans, intelligence, and administration. These three directorates, along with a fourth created in the 1960s, today are the main pillars of the Agency's institutional structure.[65]

The military and diplomatic quagmire in Korea had its effects on the Truman administration as well as on CIA. After Truman sacked Gen. Douglas MacArthur in April 1951, the Korean frontline stabilized and both sides dug in for a static war of attrition. To the end of his administration, there was almost no good news from Korea for the President. Truman's popularity sagged as casualties mounted, the peace talks dragged on, and Republican Senator Joseph McCarthy savaged the administration for being soft on Communism. Truman more than once considered using atomic bombs to break the Korean stalemate.[66] DCI Smith felt some of the weight on Truman's shoulders when he briefed the President on Friday mornings. The President usually wanted to talk about Korea, using the general's comments on the course of the fighting to assess the advice he received from the Pentagon. Smith prepared carefully for these meetings, keeping abreast of CIA activities but working even harder to make his battle maps more precise than JCS Chairman Omar Bradley's.[67]

By the time the Truman administration (and DCI Smith) prepared to leave office in late 1952, the CIA was a very different institution from what it had been only a few years earlier. The world itself was changing.

[62] Earman, Memorandum for Rear Admiral Robert L. Dennison, "Estimate of Situation in Guatemala," 14 January 1952, Document 76.

[63] DCI staff meeting minutes, 22 October 1951 (Document 72) and 27 October 1952 (Document 80).

[64] National Security Council, NSC 10/5, 23 October 1951, Document 73; Smith to CIA Deputy Directors, "Organization of CIA Clandestine Services," 15 July 1952, Document 79.

[65] In 1973 the Directorate of Plans was renamed the Directorate of Operations. The Directorate of Administration was known as the Directorate of Support from 1955 to 1973, and as the Directorate of Management and Services (1973-74). The fourth directorate—Science and Technology—was created in 1962 (although for its first year it was called the Directorate of Research).

[66] David McCullough, *Truman* (New York: Simon & Schuster, 1992), pp. 872-873.

[67] Montague, *General Walter Bedell Smith as Director of Central Intelligence*, pp. 232-233.

Reinvigorated by the Marshall Plan and American security guarantees, Western Europe appeared much less vulnerable to internal subversion.[68] Joseph Stalin was dying. The Cold War itself had reached its first pause, as the stalemate in Korea dragged on and the Soviets pondered how they could exploit the rising calls for national liberation among the West's aging colonial empires.[69] The CIA's own focus, especially in the field of covert action, was already shifting to the Third World as well.

When President Truman came to the Agency to say farewell and thanks in late November 1952, he told the assembled CIA men and women that the United States now had an intelligence agency that was "not inferior to any in the world." The CIA was vital to the presidency, Truman declared, because America had been forced to take up the burden of world leadership that it should have assumed after the First World War:

> We are at the top, and the leader of the free world—something that we did not anticipate, something that we did not want, but something that has been forced on us . . . . It is our duty, under Heaven, to continue that leadership in the manner that will prevent a third world war— which would mean the end of civilization.

President Truman explained that President-elect Dwight D. Eisenhower would soon be making decisions daily that would affect millions of people. As he assumed the most powerful office in the history of the world, he would need the stream of intelligence that the Central Intelligence Agency sent daily to the President's desk.[70]

With President Eisenhower's inauguration in January 1953, the CIA entered a new phase. Now the Agency would have its first civilian Director—Allen Dulles, who had unprecedented access to the White House and to the Secretary of State, his brother John Foster Dulles. As the Agency focused on Communism as the main disruptive element in world affairs, anti-Communist covert action attained an importance among the CIA's missions that it would not again approach until the 1980s. Dulles's long tenure of almost nine years as Director had its own, far-reaching effects on CIA, but the decisions reached during the Truman administration and the changes imposed by DCI Smith circumscribed the scope of later directors' actions. It is worth understanding that experience as CIA, in a new postwar period, faces hard choices on many of the issues that were first debated and decided in the Truman administration more than 40 years ago.

[68] For a CIA view of Western Europe, see DCI staff meeting minutes, 21 November 1951, Document 75. Also see Special Estimate 13, "Probable Developments in the World Situation Through Mid-1953," 24 September 1951, Document 71.

[69] Special Estimate 9, "Probable Immediate Developments in the Far East Following a Failure in the Cease-Fire Negotiations in Korea," August 1951, Document 70.

[70] See President Truman's farewell speech to CIA, 21 November 1952, Document 81.

Sources and Declassification

This third volume in CIA's Cold War Records series provides an overview of the Agency's early development by presenting some key documents—especially those that received the President's personal attention—that guided its formation and work during the Truman administration. In selecting CIA-related documents from the Truman years, we have sought to balance considerations of novelty, space, and relevance. In recent years CIA has declassified many of its early records. Although a few of this volume's early documents have been published in other works, most of its previously declassified documents were either released to individual researchers under Freedom of Information Act requests or transferred without publication to the National Archives under the auspices of the Agency's Historical Review Program. The newly declassified records are variegated, although most of them were created within CIA, usually for internal distribution. They range from memorandums for the record summarizing senior officials' policy debates to working-level reports and communications; the former show how the CIA supported the Truman administration's foreign policies, while the latter offer insight into the Agency's day-to-day workings.

We should add that since 1985 the CIA History Staff has actively helped the Historian's Office of the Department of State compile two supplementary volumes on "Intelligence and United States Foreign Policy, 1945–1950" for the *Foreign Relations of the United States* series. These two volumes (one a microfiche companion volume) will include almost 1,300 documents from State, CIA, the NSC, and elsewhere, which were still classified when the *Foreign Relations* volumes for this immediate postwar period were published some years ago. These forthcoming supplementary *Foreign Relations* volumes, which the Department of State expects to publish within the next year, will include about 20 documents—mainly from the 1945-47 period—that we reproduce in this present work.

Are there any surprises in this volume's newly declassified records? Some, perhaps, although most of them will no doubt confirm long-held views of the Agency's early years, such as its turf wars, its drift under Admiral Hillenkoetter, its resurgence under Walter Bedell Smith, and the anti-Communist activism of Frank Wisner's Office of Policy Coordination. Some documents also add to the relatively scarce evidence on such developments as the OSO-OPC rivalry, the policy guidance CIA got for covert operations, and the voracious White House appetite for CIA intelligence analyses of all sorts.

The documents have been organized in three generally chronological sections. Part I, covering the two years between the dissolution of the wartime Office of Strategic Services (OSS) in October 1945 to the establishment of the Central Intelligence Agency in September 1947, shows the bureaucratic and policy debates surrounding the birth and growth of the interdepartmental Central Intelligence Group (CIG). These early documents, most of which have been declassified for some time, help explain how CIG developed into the new statutory CIA. Part II, covering the three years from CIA's September 1947 founding to General Smith's arrival as DCI in October 1950, chronicles Hillenkoetter's rudderless Agency and Frank Wisner's activist OPC and describes the early analysis that CIA provided to the White House. Part III, from mid-1950 to the end of 1952, focuses on new forms of intelligence analysis and covert action while detailing the genesis and consequences of DCI Smith's reforms.

This volume also includes a glossary of abbreviations, brief identifications of persons mentioned in the documents, and a chronology of events in the almost eight years of President Truman's administration. A few of the newly declassified documents have had some words or passages deleted to protect intelligence sources and methods—in bureaucratic jargon, they have been "sanitized." Limitations in space have led us to print other documents (clearly noted as excerpts) only in part. In shortening documents for publication, we have tried to excise only such sections as appendixes that are not essential to understanding the thrust of the document. In any event, these newly declassified records, including those portions omitted for space reasons in this volume, will be transferred to the National Archives and opened for research.

The documents we have reproduced in this volume vary greatly in their physical condition. Some are typed or printed originals, but others we have found only in faint carbon, Mimeograph, or Ditto copies of the time, or in Thermofax or photocopies made later on.[71] When we have been unable to find a signed original copy, we have searched for a clean, contemporary carbon, or a typed true copy—a common practice in those prephotocopy days. Sometimes, however, we have only a poor copy to work with, and its reproduction in this volume is barely legible. For a few documents, for want of the original in any form, we have reproduced a typed transcription prepared in the early 1950s for Dr. Arthur B. Darling, the CIA's first historian. When we reproduce a document that is not a signed original, the caption at its head will describe the nature of the copy we have used.

[71] Mimeograph, Ditto, and Thermofax are registered trade marks.

Acronyms and Abbreviations

AD/ORE	Assistant Director for Reports and Estimates
ADPC	Assistant Director for Policy Coordination
ADSO	Assistant Director for Special Operations (CIG and CIA)
BoB	Bureau of the Budget
CIG	Central Intelligence Group
CSP	Chief, Special Projects Division, Office of Policy Coordination
DCI	Director of Central Intelligence (CIG and CIA)
DDCI	Deputy Director of Central Intelligence (CIG and CIA)
DDA	Deputy Directorate of Administration, or Deputy Director for Administration
DDI	Deputy Directorate of Intelligence, or Deputy Director for Intelligence
DDP	Deputy Directorate of Plans, or Deputy Director for Plans
DoD	Department of Defense
D/PUB	Publications Division, Office of Reports and Estimates
ECA	Economic Cooperation Administration
FBI	Federal Bureau of Investigation
IAB	Intelligence Advisory Board (interdepartmental)
IAC	Intelligence Advisory Committee (interdepartmental)
NIA	National Intelligence Authority (interdepartmental)
NIE	National Intelligence Estimate
NSC	National Security Council
NSCID	National Security Council Intelligence Directive
OCI	Office of Current Intelligence

ONE	**Office of National Estimates**
OPC	**Office of Policy Coordination**
ORE	**Office of Reports and Estimates (CIG and CIA)**
OSO	**Office of Special Operations (CIG and CIA)**
OSP	**Office of Special Projects**
OSS	**Office of Strategic Services**
PSB	**Psychological Strategy Board (interdepartmental)**
SADO	**Special Assistant to the Assistant Director for Policy Coordination**
SE	**Special Estimate**
SPG	**Special Procedures Group, OSO**
SSU	**Strategic Services Unit, War Department**

Note: **All offices and position titles are CIA unless otherwise indicated. The terms Assistant Director and Deputy Director refer to the men who headed their respective offices.**

Persons Mentioned [72]

Abdullah ibn Hussein	King of Jordan from 1921, assassinated 20 July 1951.
Acheson, Dean	Under Secretary of State, August 1945–June 1947; Secretary of State from 21 January 1949.
Arbenz, Jacobo	President of Guatemala, from November 1950.
Attlee, Clement	Prime Minister of the United Kingdom, July 1945–October 1951.
Babbitt, Theodore	Assistant Director for Reports and Estimates, CIG and CIA, July 1947–November 1950.
Blum, Robert	Office of Strategic Services, World War II; Office of the Secretary of Defense, 1947-49.
Bradley, Omar N.	General of the Army, US Army; Chief of Staff, US Army, February 1948–August 1949; Chairman, Joint Chiefs of Staff, from August 1949.
Bridges, Henry Styles	Senator (R-NH), from 1937.
Buffington, Milton W.	Office of Policy Coordination, CIA, from 1948 to 1952.
Byrnes, James F.	Secretary of State, 3 July 1945–21 January 1947.
Cassady, Thomas	Office of Strategic Services, World War II; SSU, CIG, and CIA; Office of Special Operations, CIG and CIA, to 1948.
Clifford, Clark M.	Naval Aide to the President, to July 1946; Special Counsel to the President, 1946-50.
Chiang Kai-Shek	President of the Nationalist government of China to January 1949, and again from March 1950 (Taiwan).
Churchill, Winston	Prime Minister of the United Kingdom, to July 1945, then again from October 1951.
Correa, Matthias	Member, National Security Council Survey Committee, 1948.

[72] Organizations, titles, and ranks held during the Truman administration, 1945-53.

Darling, Arthur B.	Central Intelligence Agency Historian, 1952-54; Author, *The Central Intelligence Agency: An Instrument of Government, to 1950* (University Park; Pennsylvania State University Press, 1990).
Dennison, Robert L.	Naval Aide to the President, 1948-53.
Dewey, Thomas E.	Governor of New York; Republican nominee for President, 1944 and 1948.
Donovan, William J.	Director, Office of Strategic Services, to 1 October 1945.
Douglass, Kingman	Deputy Director of Central Intelligence, CIG, 2 March 1946–11 July 1946; Director, Office of Current Intelligence, CIA, January 1951–July 1952.
Dulles, Allen W.	Office of Strategic Services, World War II; Chairman, National Security Council Survey Committee, 1948; Deputy Director for Plans, CIA, 4 January 1951–23 August 1951; Deputy Director of Central Intelligence, from 23 August 1951.
Earman, John S.	Secretary to the National Intelligence Authority, 1947; Office of the Director of Central Intelligence, from 1947; Executive Assistant to the DCI, from January 1952.
Eberstadt, Ferdinand	Investment banker, New York; prepared the Eberstadt Report on service unification for Secretary of the Navy James Forrestal, 1945.
Eddy, William A.	Office of Strategic Services, World War II; Special Assistant to the Secretary of State for Intelligence and Research, 1946-47.
Edgar, Donald	Chief, Interdepartmental Coordinating and Planning Staff, CIG and CIA, July 1946–October 1947.
Eisenhower, Dwight D.	General of the Army, US Army; Supreme Commander, Allied Expeditionary Forces, Europe, World War II; Chief of Staff, US Army, November 1945–February 1948; President, Columbia University, 1948-50; Supreme Allied Commander, North Atlantic Treaty Organization, 1950-52; President-elect, 4 November 1952–20 January 1953.
Elsey, George M.	Assistant Naval Aide to the President, 1945-46; Assistant to the Special Counsel to the President, 1947-49.
Forrestal, James V.	Secretary of the Navy, to 17 September 1947; Secretary of Defense, 17 September 1947–28 March 1949.

Foskett, James H.	Rear Admiral, US Navy; Naval Aide to the President, July 1946–February 1948.
Galloway, Donald H.	Colonel, US Army; Assistant Director for Special Operations, CIG and CIA, 11 July 1946–27 December 1948.
Harriman, W. Averell	Ambassador to the USSR, to January 1946; US Representative to Europe under the Economic Cooperation Administration, 1948-50; Special Assistant to the President, 1950-51; Director for Mutual Security, from October 1951.
Harvey, George	Staff member, House Appropriations Committee, from 1946.
Helms, Richard M.	Office of Strategic Services, World War II; SSU, CIG, and CIA; Deputy Assistant Director for Special Operations, CIA, December 1951–August 1952; Acting Chief of Operations, DDP, from August 1952.
Hilger, Gustav	German diplomat and Soviet expert, World War II; Consultant to the US Government on Soviet affairs.
Hillenkoetter, Roscoe	Rear Admiral, US Navy; Director of Central Intelligence, CIG and CIA, 1 May 1947–7 October 1950.
Hoover, J. Edgar	Director, Federal Bureau of Investigation.
Houston, Lawrence	Assistant General Counsel, OSS, 1944-45; CIG and CIA General Counsel, from 1946.
Huddle, J. Klahr	Assistant Director for Research and Evaluation (changed to Assistant Director for Reports and Estimates in late 1946), CIG, September 1946–May 1947.
Hulick, Charles V.	Executive Assistant to the Assistant Director for Policy Coordination (later for the Deputy Director for Plans), CIA, from 1949.
Irwin, S. Leroy	Major General, US Army; Interim Activities Director, Office of the Assistant Secretary of War, 1945-46.
Jackson, William H.	Member, National Security Council Survey Committee, 1948; Deputy Director of Central Intelligence, 7 October 1950–23 August 1951; Special Assistant and Senior Consultant to the Director of Central Intelligence, from August 1951.
Johnson, Louis	Secretary of Defense, 28 March 1949–19 September 1950.

Johnston, Kilbourne	Colonel, US Army; Deputy Assistant Director for Policy Coordination, CIA, December 1950–August 1951; Assistant Director for Policy Coordination, 23 August 1951–1 August 1952.
Joyce, Robert P.	Office of Strategic Services, World War II; Office of Special Operations (CIG) liaison to the Department of State, 1946–June 1947; Political Adviser, Trieste, 1947-48; Senior Consultant (representing the Secretary of State), OPC, from September 1948; Policy Planning Staff, Department of State, from December 1948.
Kennan, George F.	Chargé d'Affaires, US Embassy Moscow, January 1945–April 1946; Deputy for Foreign Affairs, National War College, August 1946–July 1947; Director, Policy Planning Staff, Department of State, May 1947–December 1949; Counselor for the Department of State, August 1949–July 1951; Ambassador to the USSR, May 1952–September 1952.
Kent, Sherman	Office of Strategic Services, World War II; Professor of History, Yale University; Vice Chairman, Board of National Estimates, CIA, November 1950–January 1952; Chairman, Board of National Estimates, from January 1952.
Kim Il-Song	Leader of the Korean Communist Party and (from May 1948) Premier of North Korea.
King, J. Caldwell	Special Assistant to the DDP for Latin America, CIA, December 1951–March 1952; Chief, Western Hemisphere Division, OPC, and Directorate of Plans, CIA, from March 1952.
Kirkpatrick, Lyman B.	Office of Strategic Services, World War II; SSU, CIG, and CIA; Executive Assistant to the Director of Central Intelligence, November 1950–June 1951; Deputy Assistant Director for Special Operations, July 1951–December 1951; Assistant Director for Special Operations from 17 December 1951.
Langer, William L.	Office of Strategic Services, World War II; Professor of History, Harvard University; Chairman, Board of National Estimates, CIA, November 1950–January 1952.
Lay, James S.	Central Intelligence Group, from January 1946; Secretary, Intelligence Advisory Board, January 1946–September 1947; Office of Reports and Estimates, CIG, 1947; Assistant to the Executive Secretary, National Security Council, September 1947–January 1950; Executive Secretary, National Security Council, from January 1950.

Leahy, William D.	Fleet Admiral, US Navy; Chief of Staff to the Commander in Chief (Presidents Roosevelt and Truman); presided over the Joint Chiefs of Staff, July 1942–March 1949.
Lovett, Robert A.	Assistant Secretary of War for Air, to December 1945; Under Secretary of State, July 1947–January 1949; Deputy Secretary of Defense, September 1950–September 1951; Secretary of Defense, from 17 September 1951.
MacArthur, Douglas	General of the Army, US Army; Commander, US Armed Forces in the Far East, to April 1951.
Magruder, John	Brigadier General, US Army; Deputy Director for Intelligence, OSS, to September 1945; Director, Strategic Services Unit, War Department, 1 October 1945–4 April 1946; Senior Consultant (representing the Secretary of Defense), OPC, from September 1948.
Mao Tse-tung	Leader of the Chinese Communist Party and (from October 1949) Chairman of China's central government council.
Marshall, George C.	General of the Army, US Army; Chief of Staff, US Army, to November 1945; Secretary of State, 21 January 1947–20 January 1949; Secretary of Defense, 21 September 1950–12 September 1951.
Matthews, H. Freeman	Department of State, Washington, to July 1947; Deputy Under Secretary of State, from July 1950.
McCloy, John J.	Assistant Secretary of War, to November 1945; US High Commissioner for Germany, June 1949–July 1952.
Montague, Ludwell L.	Chief, Central Reports Staff, CIG, March–July 1946; Acting Assistant Director, CIG, 1946; Office of Reports and Estimates, September 1946–November 1950; [73] CIA representative to the NSC, September 1947–October 1950; Office of National Estimates, from November 1950; Author, *General Walter Bedell Smith as Director of Central Intelligence* (University Park: Pennsylvania State University Press, 1992).
Mossadeq, Mohammed	Premier of Iran, from April 1951.
Murphy, Charles S.	Administrative Assistant to the President, 1947-50; Special Counsel to the President, from 1950.
Nehru, Jawaharlal	Premier of India, from August 1947.

[73] The Office of Reports and Estimates was originally named the Office of Research and Evaluation; the title was changed in November 1946.

Offie, Carmel	Special Assistant to the Assistant Director for Policy Coordination, CIA, 1948–50.
Patterson, Robert P.	Secretary of War, 27 September 1945–18 July 1947.
Petersen, Howard C.	Assistant Secretary of War, 1945-47.
Pforzheimer, Walter	CIG and CIA Legislative Counsel, from 1946.
Rhee, Syngman	President of South Korea, from August 1948.
Roosevelt, Franklin D.	President of the United States to 12 April 1945.
Ruddock, Merritt K.	Office of Strategic Services, World War II; Central Reports Staff, CIG, 1946; Office of Reports and Estimates, CIG and CIA, 1946-48; Deputy Assistant Director for Policy Coordination, CIA, September, 1948–November 1949.
Schlesinger, Arthur, Jr.	Office of Strategic Services, World War II; Professor of History, Harvard University; American Committee for Cultural Freedom, from 1951.
Schwartz, Arthur H.	New York attorney and state Republican Party chief, 1948.
Smith, Russell Jack	Office of Strategic Services, World War II; Office of Reports and Estimates, CIA, June 1947–November 1950; Office of National Estimates, from November 1950.
Smith, Walter B.	Lieutenant General, US Army; Chief of Staff, Supreme Headquarters, Allied Expeditionary Forces, Europe, World War II; Ambassador to the USSR, April 1946–December 1948; Director of Central Intelligence from 7 October 1950.
Souers, Sidney W.	Rear Admiral, US Naval Reserve; Director of Central Intelligence, CIG, 22 January 1946–10 June 1946; Executive Secretary, National Security Council, August 1947–January 1950; Special Consultant to the President, from January 1950.
Stalin, Joseph	Premier of the Soviet Union and leader of the Soviet Communist Party from the 1920s until his death on 5 March 1953.
Steve[illegible] Leslie C.	Rear Admiral, US Navy; Senior Consultant (representing the Joint Chiefs), OPC, from September 1949.
Thompson, Lewis S.	Chief, Special Projects Division, OPC, 1950-51; Office of the Deputy Director for Administration, CIA, from 1952.

Tito, Josip Broz	Yugoslav Premier, Defense Minister, and leader of the Yugoslav Communist Party from 1945.
Truman, Harry S.	President of the United States, 12 April 1945–20 January 1953.
Vandenberg, Arthur H.	Senator (R-MI), 1928-51; President *pro tem* of the Senate and Chairman, Committee on Foreign Relations, 1947-49.
Vandenberg, Hoyt S.	Lieutenant General, US Army Air Forces; member, Intelligence Advisory Board, January 1946–May 1947; Assistant Chief of Staff for Intelligence, US Army, 1946; Director of Central Intelligence, CIG, 10 June 1946–1 May 1947.
Wisner, Frank G.	Office of Strategic Services, World War II; Deputy to the Assistant Secretary of State for the Occupied Areas, 1947-48; Assistant Director for Policy Coordination, CIA, 1 September 1948–23 August 1951; Deputy Director for Plans from 23 August 1951.
Wright, Edwin K.	Colonel, US Army; Deputy Director of Central Intelligence, CIG and CIA, 20 January 1947–9 March 1949
Wyman, Willard G.	Major General, US Army; Assistant Director for Special Operations, CIA, 15 February 1951–17 December 1951.

Chronology

1945	
12 April	President Franklin D. Roosevelt dies in Warm Springs, Georgia; Vice President Harry S. Truman takes the oath of office as President.
8 May	Germany surrenders.
17 July	The Potsdam Conference of the leaders of the United States, Great Britain, and the Soviet Union convenes to discuss peace terms and the fate of Germany.
6 August	Atomic bomb is dropped on Hiroshima, Japan.
14 August	Japan accepts Allied peace terms.
2 September	World War II ends as Japan formally surrenders.
20 September	Executive Order 9621 dissolves OSS, effective 1 October. The Research and Analysis Branch is transferred to the Department of State; the espionage and counterintelligence branches become the Strategic Services Unit under the War Department.
1946	
22 January	President Truman creates the Central Intelligence Group and appoints RAdm. Sidney Souers the first Director of Central Intelligence.
15 February	CIG's first *Daily Summary* is delivered to the President.
2 March	Kingman Douglass becomes the first Deputy Director of Central Intelligence.
5 March	Winston Churchill delivers his "Iron Curtain" speech in Fulton, MO.
May	A three-year civil war breaks out in Greece; the Soviet Union supports Communist guerrillas there through Albania, Bulgaria, and Yugoslavia.
10 June	Lt. Gen. Hoyt S. Vandenberg, US Army Air Forces, is sworn in as the second Director of Central Intelligence.
11 July	The Office of Special Operations is constituted under Donald Galloway as the first Assistant Director for Special Operations. Schedules are drawn up for merging SSU into CIG.

17 July	DCI Vandenberg argues for an independent budget for CIG at a meeting of the National Intelligence Authority; the Authority agrees to help him get one.
19 July	The Office of Research and Evaluation (renamed Reports and Estimates in November 1946) begins operations.
23 July	ORE 1 analyzes Soviet foreign and military policy for President Truman.
28 July	CIG formally takes control of the FBI's Latin American operations.
15 September	Communist-dominated Bulgaria is proclaimed a people's republic.
20 October	SSU field personnel are transferred to the CIG's Office of Special Operations (OSO).
5 November	Congressional elections result in firm Republican majorities in both Houses.
19 November	Romanian voters endorse the Communist-dominated government after a campaign of violence against the non-Communist opposition.
1947	
19 January	Polish Communists win a huge parliamentary majority in elections that the United Kingdom and the United States declare to be in violation of the Yalta agreement.
20 January	Col. Edwin K. Wright replaces Kingman Douglass as Deputy Director of Central Intelligence.
12 March	In a message to Congress, President Truman announces the Truman Doctrine of aid to nations threatened by Communism.
11 April	SSU headquarters personnel are transferred to OSO.
1 May	RAdm. Roscoe H. Hillenkoetter is sworn in as the third Director of Central Intelligence.
30 May	A Communist-led coup renders Hungary a Soviet satellite.
5 June	Secretary of State Marshall, speaking at Harvard, calls for a European Recovery Program, soon dubbed the Marshall Plan.
7 July	Moscow rejects the Marshall Plan.

26 July	President Truman signs the National Security Act of 1947, which provides for a National Security Council, Secretary of Defense, and Central Intelligence Agency.
18 September	The Central Intelligence Group becomes the Central Intelligence Agency under the provisions of the National Security Act of 1947.
5 October	The Communist Information Bureau (Cominform) holds its founding meeting in Belgrade.
15 December	DCI Hillenkoetter submits a draft of the Central Intelligence Agency Act of 1949 to the Bureau of the Budget.
17 December	In NSC 4-A, the National Security Council authorizes CIA to conduct covert "psychological warfare."
1948	
12 February	National Security Council Intelligence Directive (NSCID) 7 authorizes CIA to collect foreign intelligence from American citizens with overseas contacts.
25 February	A Soviet-led coup in Czechoslovakia destroys that country's remaining anti-Communist leadership; concern mounts in Washington that the Communists might make big gains in the forthcoming Italian elections.
March	Congress approves the Marshall Plan.
9 April	Rioting outside the Organization of American States meeting in Bogota, Colombia, endangers Secretary of State Marshall, prompting criticism of CIA in Washington.
18 April	Italy's new Christian Democratic Party wins a sweeping victory in national elections.
1 May	The Soviet Union defies the United Nations and establishes a people's republic in North Korea.
14 May	Israel becomes an independent state.
18 June	NSC 10/2 (which rescinds NSC 4-A) expands CIA's authority to conduct covert action and gives a supervisory role to the Departments of State and Defense and the Joint Chiefs of Staff.
19 June	Congress reinstates the draft.

24 June	Berlin blockade; Soviet authorities cut electricity and halt all land and water traffic into West Berlin. The Berlin airlift begins.
28 June	The Soviet-controlled Cominform denounces Tito and expels Yugoslavia.
1 September	The Office of Policy Coordination, CIA, formally begins operations under Frank Wisner.
2 November	President Truman wins a stunning reelection victory over Governor Thomas Dewey of New York, and Democrats regain majority control of both Houses of Congress.
1949	
January	Allen Dulles, William Jackson, and Matthias Correa submit their survey of CIA to the National Security Council; the report criticizes DCI Hillenkoetter.
22 January	Beijing, the capital of China, falls to the Communists.
4 April	The North Atlantic Treaty is signed.
12 May	The Soviets tacitly concede defeat and officially lift the Berlin blockade.
20 June	President Truman signs the Central Intelligence Agency Act of 1949, which specifies the powers and authority of the Director of Central Intelligence.
29 June	US occupation forces complete their withdrawal from South Korea.
7 July	The National Security Council approves NSC 50, which directs DCI Hillenkoetter to make significant reforms in CIA as outlined in the Dulles-Jackson-Correa report.
21 July	The Senate ratifies the North Atlantic Treaty, creating the North Atlantic Treaty Organization.
5 August	The United States halts aid to China's Nationalist government.
10 August	President Truman signs a bill creating the Department of Defense and expanding the powers of the Secretary of Defense.
23 September	President Truman announces that the Soviet Union has successfully tested an atomic bomb.
1 October	The People's Republic of China is proclaimed in Beijing.

8 December	Chinese Nationalist government is established on Taiwan.
1950	
31 January	President Truman authorizes development of a hydrogen bomb.
14 April	President Truman submits the draft of NSC 68 (prepared under the supervision of the Secretaries of State and Defense) to the National Security Council and other departments for comments and estimates of its potential cost. The draft advocates a large military buildup and a political and ideological counteroffensive against the Soviet Union.
19 April	State Department officials advise OPC to draft new and more ambitious plans in expectation of formal approval of NSC 68.
15 May	A reorganization of the Office of Policy Coordination consolidates its sections into geographic-area divisions, laying the foundation for the future structure of the Directorate of Plans.
25 June	Communist North Korea invades South Korea; American forces engage two days later.
5 August	UN forces in South Korea are penned within the Pusan perimeter.
15 September	General MacArthur's landing at Inchon shocks the North Korean Army; UN forces break out of Pusan and begin racing toward the Chinese border.
7 October	Lt. Gen. Walter B. Smith is sworn in as the fourth Director of Central Intelligence. William H. Jackson becomes Deputy Director for Central Intelligence.
13 November	The Office of Reports and Estimates is dissolved and superseded by three new offices: the Office of Research and Reports, the Office of Current Intelligence, and the Office of National Estimates.
26 November	In a large-scale intervention, Communist Chinese forces strike the flank of MacArthur's advance into North Korea. MacArthur is forced to retreat.
16 December	Korean war setbacks prompt President Truman to proclaim a state of national emergency, which places CIA and other agencies on a six-day workweek.

1951

4 January	Allen Dulles assumes the new post of Deputy Director for Plans.
15 January	The Office of Current Intelligence begins operations, publishing its all-source *Current Intelligence Bulletin*.
25 January	Communist forces led by Chinese troops reach their farthest southern advance since their counteroffensive began in November. Allied forces begin to push them slowly northward.
11 April	President Truman relieves General MacArthur as commander of US forces in Korea.
29 April	Premier Mohammed Mossadeq nationalizes Iran's oil industry.
8 May	DCI Smith asks the NSC for a ruling on the scope and pace of CIA covert operations.
25 May	British Secret Intelligence Service officers and suspected spies Guy Burgess and Donald Maclean flee Great Britain to defect to the Soviet Union.
June	Korean truce talks open. The battlefront stabilizes and there is little change in the frontline until the end of the war.
23 June	The Soviet Union's Ambassador to the United Nations tables a Korean cease-fire proposal. Negotiations begin at Kaesong soon afterward but proceed at a snail's pace and finally break down altogether in August.
1 July	DCI Walter Bedell Smith is promoted to General, US Army.
23 August	Allen Dulles succeeds William Jackson as Deputy Director of Central Intelligence; Frank Wisner is promoted to Deputy Director for Plans.
23 October	NSC 10/5 expands CIA's authority to conduct covert action.
12 November	New cease-fire talks begin at Panmunjon, Korea, after a series of UN attacks.

1952

1 January	Loftus Becker becomes the first Deputy Director for Intelligence.
1 August	OPC and OSO are merged under Deputy Director for Plans Frank Wisner.
24 September	Iran rejects Anglo-American oil settlement.

October	The stalled armistice talks at Panmunjon break off as the Communists await the results of the American elections.
1 November	The United States successfully tests its first H-bomb.
4 November	Gen. Dwight D. Eisenhower defeats Democrat Adlai Stevenson to win election as President of the United States.
21 November	President Truman says farewell to CIA in a speech to the Agency's employees.
1953	
20 January	Harry Truman leaves office as President of the United States.
9 February	Walter Bedell Smith resigns as DCI and retires from the US Army to become Under Secretary of State in the Eisenhower administration.

Part I

From OSS to CIA

Part I: From OSS to CIA

The documents in Part I run from the last days of OSS in 1945 to the debate in 1947 that led to the formation of the Central Intelligence Agency.

During World War II America developed a capable intelligence arm—the Office of Strategic Services—that was not part of any department or military service. Its Director, William Donovan, was not alone in arguing that the nation needed something like OSS after the war. Disagreeing, President Truman dissolved OSS soon after Japan's surrender, gave several OSS units to the State and War Departments, and asked State to take the lead in forming a new interdepartmental organization to coordinate intelligence information for the President. After several months of bureaucratic wrangling, Truman stepped in to establish a small Central Intelligence Group (CIG) principally to summarize each day's cables for the White House. The fledgling CIG had powerful friends, however, and a politically astute chief, RAdm. Sidney Souers, the first Director of Central Intelligence. Within a few months CIG agreed to adopt the Strategic Services Unit—the former OSS espionage and counterintelligence staffs that the War Department had absorbed. By mid-1947, the acquisition of SSU and the maneuvering of an aggressive new Director, Lt. Gen. Hoyt S. Vandenberg, had built CIG into the nation's foremost intelligence organization, which Congress soon provided with a legislative mandate and new name—the Central Intelligence Agency—in the National Security Act of July 1947.

1. William J. Donovan, Memorandum for the President, 13 September 1945 (Photocopy)

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

13 September 1945

MEMORANDUM FOR THE PRESIDENT:

1. I understand that it has been, or will be, suggested to you that certain of the primary functions of this organization, more particularly, secret intelligence, counter-espionage, and the evaluation and synthesis of intelligence -- that these functions be severed and transferred to separate agencies. I hope that in the national interest, and in your own interest as the Chief Executive, that you will not permit this to be done.

2. Whatever agency has the duty of intelligence should have it as a complete whole. To do otherwise would be to add chaos to existing confusion in the intelligence field. The various functions that have been integrated are the essential functions in intelligence. One is dependent upon the other.

William J. Donovan
Director

2. William D. Leahy, Memorandum for the Secretary of War and Secretary of the Navy, "Establishment of a central intelligence service upon liquidation of OSS," 19 September 1945 (Photocopy)

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SAVE

THE JOINT CHIEFS OF STAFF
WASHINGTON 25, D. C.

[redacted]

19 September 1945.

MEMORANDUM FOR THE SECRETARY OF WAR:
SECRETARY OF THE NAVY:

Subject: Establishment of a central intelligence service upon liquidation of OSS/SI

The Joint Chiefs of Staff request that the Secretary of War and the Secretary of the Navy forward the attached memorandum to the President.

DECLASSIFIED
Authority NND 803073
By KW NARA Date 8/21/96

For the Joint Chiefs of Staff:

William D. Leahy

WILLIAM D. LEAHY,
Fleet Admiral, U.S. Navy,
Chief of Staff to the
Commander in Chief of the Army and Navy.

Enclosure.

RECEIVED S-C FILES
Room 2057
File No. (SC) AS-2
Doc. No.
Copy No.
Reg. No.

AS-2

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C-2-40

2. *(Continued)*

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ENCLOSURE

MEMORANDUM FOR THE PRESIDENT

A memorandum from the Director of Strategic Services on the establishment of a central intelligence service was referred to the Joint Chiefs of Staff on 22 November 1944 for their comment and recommendation. The matter received careful study and consideration at that time and the Joint Chiefs of Staff were prepared to recommend, when opportune, the establishment of such an agency in three steps, namely:

1. An Executive Order setting up a National Intelligence Authority, (composed of the Secretaries of State, War and the Navy, and a representative of the Joint Chiefs of Staff), a Director of the Central Intelligence Agency (appointed by the President), and an Intelligence Advisory Board (heads of the principal military and civilian intelligence agencies).

2. Preparation and submission to the President by the above group of a basic organizational plan for establishing the complete intelligence system.

3. Establishing of this intelligence system by Presidential directive and legislative action as appropriate.

Since their first studies, the Joint Chiefs of Staff have had referred to them a letter from the Director of Strategic Services to the Director, Bureau of the Budget, dated 25 August 1945, renewing his proposals on the subject. Meanwhile, the cessation of hostilities, certain undecided questions regarding the future organization of the military establishment, and the development of new weapons present new factors which require consideration.

The end of hostilities has tended to emphasize the importance of proceeding without further delay to set up a central intelligence system.

The unsettled question as to post-war military organization does not materially affect the matter, and certainly warrants no further delay since a central intelligence agency can be fitted to whatever organization or establishments are decided upon.

- 1 - Enclosure

[redacted]

2. (*Continued*)

[redacted]

Recent developments in the field of new weapons have advanced the question of an efficient intelligence service to a position of importance, vital to the security of the nation in a degree never attained and never contemplated in the past. It is now entirely possible that failure to provide such a system might bring national disaster.

The Joint Chiefs of Staff recognize, as does the Director of Strategic Services, the desirability of:

a. Further coordination of intelligence activities related to the national security;

b. The unification of such activities of common concern as can be more efficiently conducted by a common agency; and

c. The synthesis of departmental intelligence on the strategic and national policy level.

They consider that these three functions may well be more effectively carried on in a common intelligence agency, provided that suitable conditions of responsibility to the departments primarily concerned with national security are maintained. They believe, however, that the specific proposals made by the Director of Strategic Services are open to serious objection in that, without adequate compensating advantages, they would over-centralize the national intelligence service and place it at such a high level that it would control the operations of departmental intelligence agencies without responsibility, either individually or collectively, to the heads of the departments concerned.

In view of the above, the Joint Chiefs of Staff append hereto an alternative draft directive, which they believe retains the merits of General Donovan's proposals, while obviating the objection thereto.

The success of the proposed organization will depend largely on the Director of the Central Intelligence Agency. In the opinion of the Joint Chiefs of Staff, he should have considerable permanence in office, and to that end should be either a specially qualified civilian or an Army or Navy officer of appropriate background and experience who can be assigned for the requisite period of time. It is considered absolutely essential, particularly in the case of the first director, that he be in a position to exercise impartial judgment in the many difficult problems of organization and cooperation which must be solved before an effective working organization can be established.

[redacted]

2. *(Continued)*

APPENDIX

DRAFT

DIRECTIVE REGARDING THE COORDINATION OF INTELLIGENCE ACTIVITIES

In order to provide for the development and coordination of intelligence activities related to the national security:

1. A National Intelligence Authority composed of the Secretaries of State, War and the Navy, and a representative of the Joint Chiefs of Staff is hereby established and charged with responsibility for such over-all intelligence planning and development, and such inspection and coordination of all Federal intelligence activities, as to assure the most effective accomplishment of the intelligence mission related to the national security.

2. To assist it in that task the National Intelligence Authority shall establish a Central Intelligence Agency headed by a Director who shall be appointed or removed by the President on the recommendation of the National Intelligence Authority. The Director of the Central Intelligence Agency shall be responsible to the National Intelligence Authority and shall sit as a non-voting member thereof.

3. The Director of the Central Intelligence Agency shall be advised by an Intelligence Advisory Board consisting of the heads of the principal military and civilian intelligence agencies having functions related to the national security, as determined by the National Intelligence Authority.

4. The first duty of the National Intelligence Authority, assisted by the Director of the Central Intelligence Agency and the Intelligence Advisory Board, shall be to prepare and submit to the President for his approval a basic organizational plan for implementing this directive in accordance with the concept set forth in the following paragraphs. This plan should include drafts of all necessary legislation.

[redacted]

[redacted]

5. Subject to the direction and control of the National Intelligence Authority, the Central Intelligence Agency shall:

a. Accomplish the synthesis of departmental intelligence relating to the national security and the appropriate dissemination within the government of the resulting strategic and national policy intelligence.

b. Plan for the coordination of the activities of all intelligence agencies of the government having functions related to the national security, and recommend to the National Intelligence Authority the establishment of such over-all policies and objectives as will assure the most effective accomplishment of the national intelligence mission.

c. Perform, for the benefit of departmental intelligence agencies, such services of common concern as the National Intelligence Authority determines can be more efficiently accomplished by a common agency, including the direct procurement of intelligence.

d. Perform such other functions and duties related to intelligence as the National Intelligence Authority may from time to time direct.

6. The Central Intelligence Agency shall have no police or law enforcement functions.

7. Subject to coordination by the National Intelligence Authority, the existing intelligence agencies of the government shall continue to collect, evaluate, synthesize, and disseminate departmental operating intelligence, herein defined as that intelligence required by the several departments and independent agencies for the performance of their proper functions. Such departmental operating intelligence as designated by the National Intelligence Authority shall be freely available to the Central Intelligence Agency for synthesis. As approved by the National Intelligence Authority, the operations of the departmental intelligence agencies shall be open to inspection by the Central Intelligence Agency in connection with its planning function. In the interpretation of this paragraph, the National Intelligence Authority and the Central Intelligence Agency will be responsible for fully protecting intelligence sources and methods which, due to their nature, have a direct and highly important bearing on military operations.

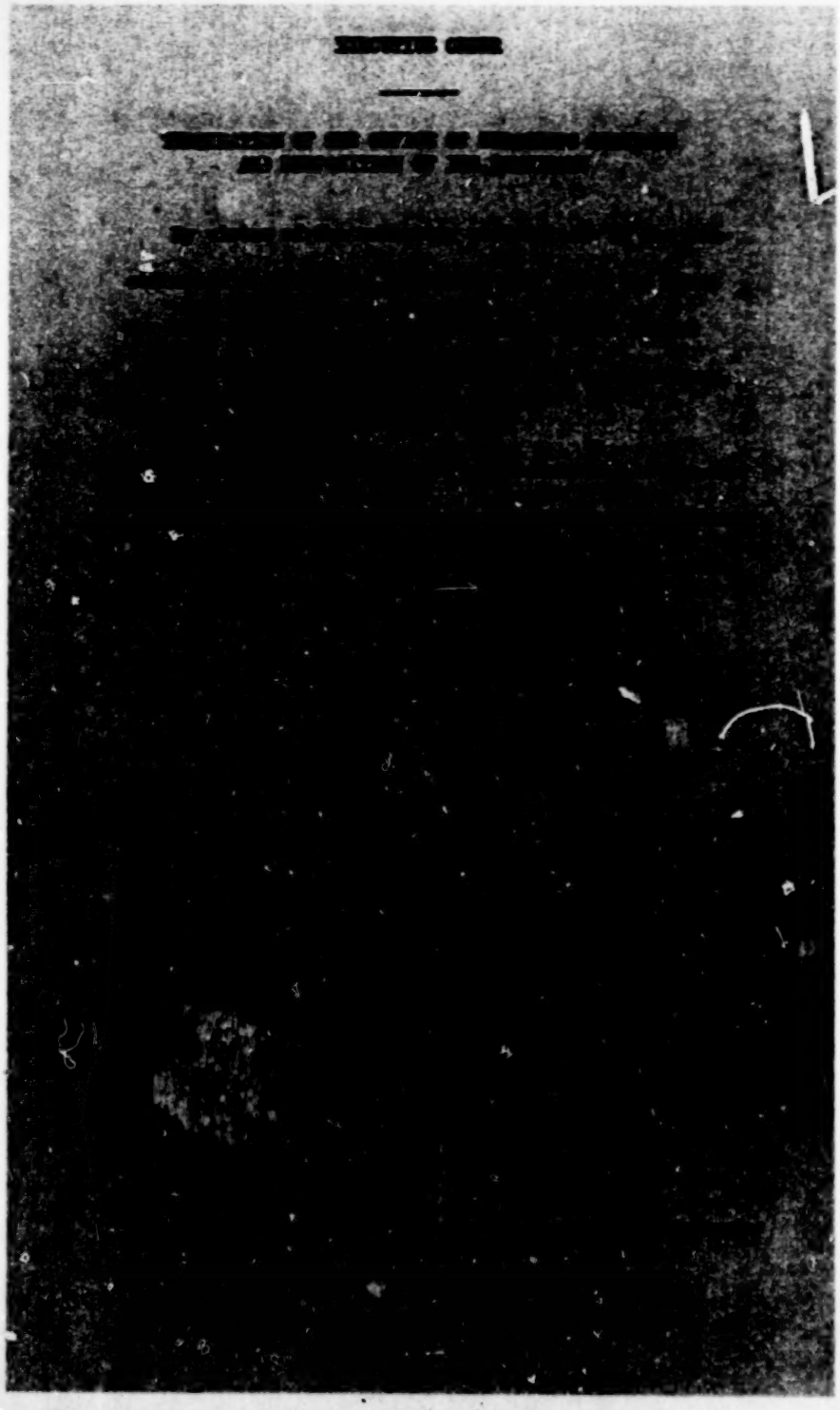
[redacted]

2. *(Continued)*

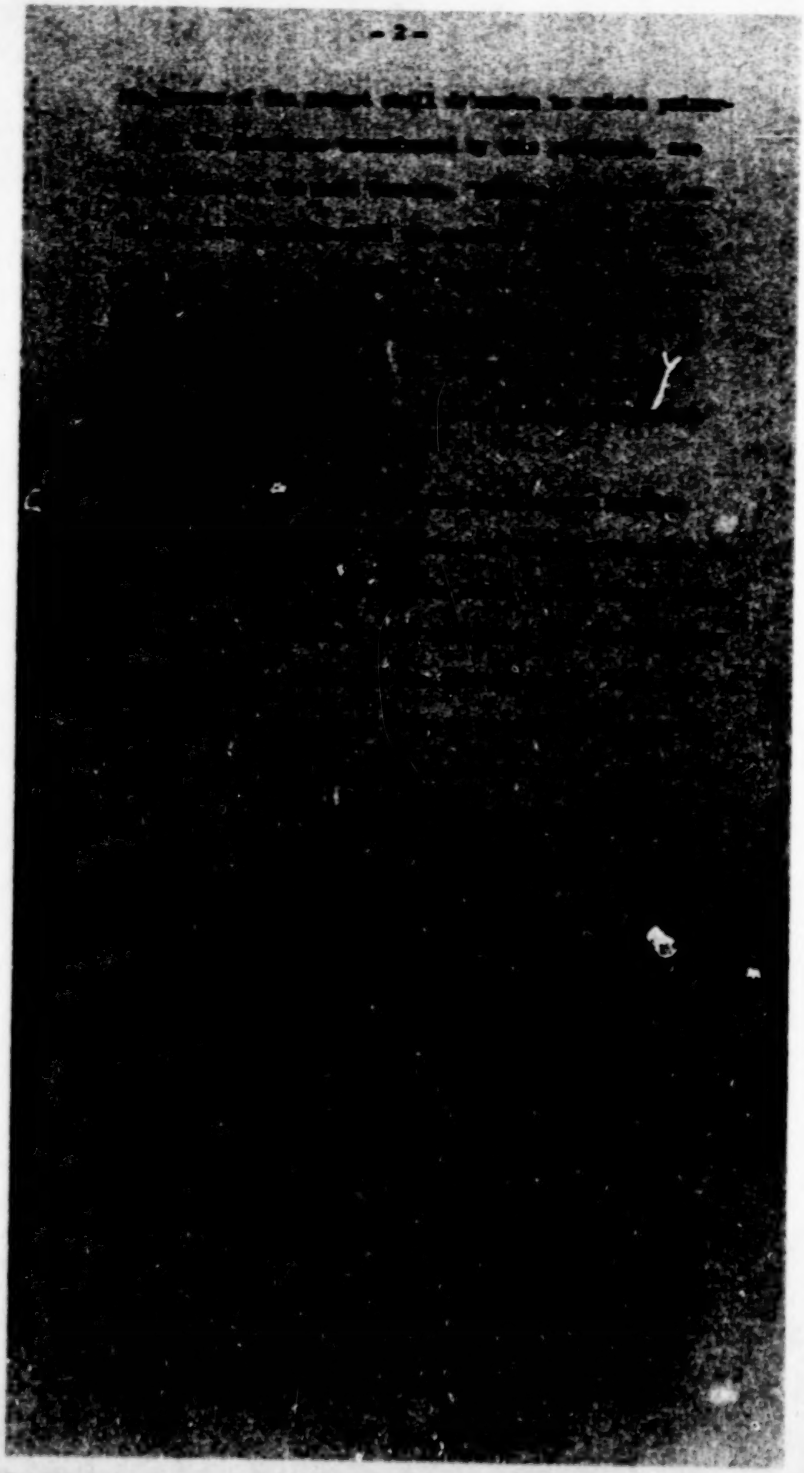
[redacted]

8. Funds for the National Intelligence Authority shall be provided by the departments participating in the National Intelligence Authority in amount and proportions to be agreed upon by the members of the Authority. Within the limits of the funds made available to him, the Director of the Central Intelligence Agency may employ necessary personnel and make provision for necessary supplies, facilities, and services. With the approval of the National Intelligence Authority, he may call upon departments and independent agencies to furnish such specialists as may be required for supervisory and functional positions in the Central Intelligence Agency, including the assignment of military and naval personnel.

3. Executive Order 9621, 20 September 1945 (Photograph)



3. (*Continued*)



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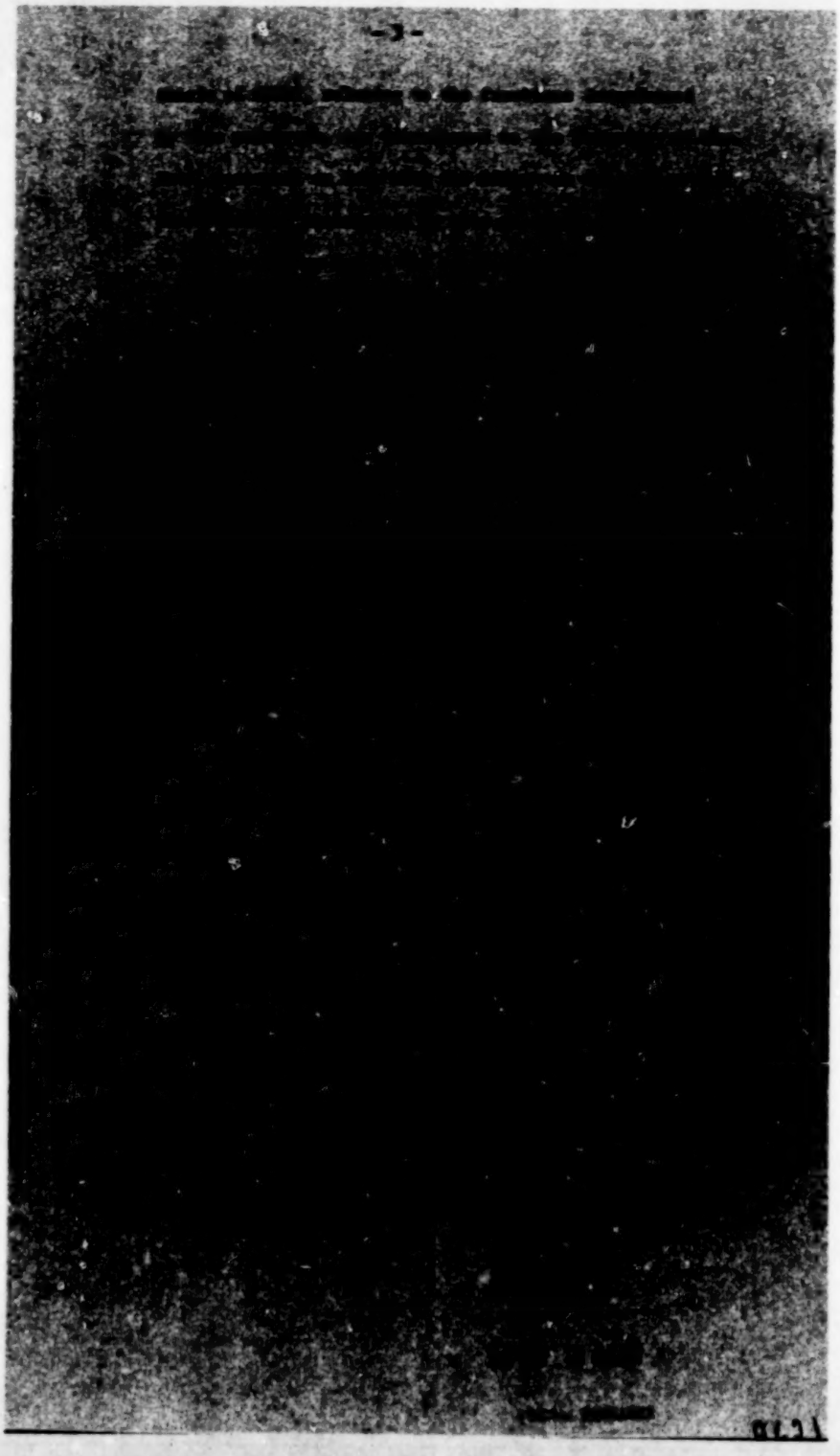

4. Truman to Donovan, 20 September 1945 (Photocopy)

THE WHITE HOUSE
WASHINGTON

September 20, 1945

My dear General Donovan:

I appreciate very much the work which you and your staff undertook, beginning prior to the Japanese surrender, to liquidate those wartime activities of the Office of Strategic Services which will not be needed in time of peace.

Timely steps should also be taken to conserve those resources and skills developed within your organization which are vital to our peacetime purposes.

Accordingly, I have today directed, by Executive order, that the activities of the Research and Analysis Branch and the Presentation Branch of the Office of Strategic Services be transferred to the State Department. This transfer, which is effective as of October 1, 1945, represents the beginning of the development of a coordinated system of foreign intelligence within the permanent framework of the Government.

Consistent with the foregoing, the Executive order provides for the transfer of the remaining activities of the Office of Strategic Services to the War Department; for the abolition of the Office of Strategic Services; and for the continued orderly liquidation of some of the activities of the Office without interrupting other services of a military nature the need for which will continue for some time.

I want to take this occasion to thank you for the capable leadership you have brought to a vital wartime activity in your capacity as Director of Strategic Services. You may well find satisfaction in the achievements of the Office and take pride in your own contribution to them. These are in themselves large rewards. Great additional reward for your efforts should lie in the knowledge that the peacetime intelligence services of the Government are being erected on the foundation of the facilities and resources mobilized through the Office of Strategic Services during the war.

Sincerely yours,

(Sgd) HARRY S. TRUMAN

Major General William J. Donovan
Director of Strategic Services
Washington 25, D. C.

Orig did not come to my Desk
HDS

5. Sidney W. Souers, Memorandum for Commander Clifford, 27 December 1945 (Photocopy)

[redacted]

Personal

NLT-521
Copy 1

27 DEC 1945

TOP SECRET

MEMORANDUM FOR COMMANDER CLIFFORD:

Subject: Central Intelligence Agency.

1. As you have requested, I am attaching:

(a) Copy of the State Department Plan.
(b) Copy of draft of directive proposed by the Joint Chiefs of Staff.
(c) Detailed comparison of Plans (a) and (b).

2. Differences between the two plans are far greater, and more fundamental, than they appear to be on the surface.

3. Mr. McCormack, author of the State Department plan, advocates that the Secretary of State should control America's intelligence effort. The Secretary of State or his representative, Mr. McCormack feels, should determine the character of the intelligence furnished the President. He made this point clear not only in his published plan, but also in his talk to the public over the radio, and in various addresses to Army and Naval officers intended to sell the State Department plan.

4. There are three serious objections to Mr. McCormack's proposal:

(a) Recent experience has shown all too clearly that as long as the Army and Navy may be called upon in the last analysis to support the nation's foreign policy, the Services should have a voice reaching the President as unmistakable as that of the State Department.

(b) The evaluation of information is not an exact science and every safeguard should be imposed to prevent any one department from having the opportunity to interpret information in such a way as to make it seem to support previously accepted policies or preconceived opinions.

(c) Should the McCormack plan be adopted, it is inevitable that it would be looked upon in time as a State Department intelligence system, not an inter-governmental system. The Army and Navy meanwhile would be maintaining their own complete intelligence systems.

5. The plan of the Joint Chiefs of Staff seems more likely to provide the President with unbiased intelligence, derived from all available sources, and approved by all three departments of the Government primarily concerned with foreign policy -- State, War and Navy. Under the JCS Plan, the interest of the President would seem to be better pro-

TOP SECRET

5. (*Continued*)

TOP SECRET

-2-

DECLASSIFIED
E.O. 11652, Sec. 3(E) and 3(D)
C.I.A. LTR. 12-18-72
By [illegible] Date 1-16-73

Subject: Central Intelligence Agency

tected than under the McCormack plan for the following reasons:

(a) The Authority would be set up under the President, and therefore on a level higher than that of any single department. As a result, no one department could influence unduly the type of intelligence produced. Furthermore, more balanced control could be expected, as no single department would be dominant.

(b) The President would appoint the Director, making it possible to procure a man of outstanding ability and integrity.

(c) Through the pooling of expert personnel in the Central Intelligence Agency, many functions now performed by various intelligence agencies could be carried out more efficiently, expeditiously, and economically than could be expected under the McCormack plan. (Mr. McCormack has indicated in interviews that he is not in favor of a central intelligence agency.)

(d) The JCS Plan provides for the preparation of summaries and estimates approved by the participating agencies for the use of those who need them most: the President, those on a Cabinet level responsible for advising the President, and the Joint Planners.

(e) The JCS Plan contemplates a full partnership between the three departments, created and operated in the spirit of free consideration, and with a feeling of a full share of responsibility for its success. The whole-hearted cooperation of participating agencies would be assured inasmuch as the Central Intelligence Agency is designed to operate on a reciprocal basis.

6. The JCS Plan has the further advantage of having been under consideration for many months. It was prepared after long consideration by the technical staff of the J.I.C. and unanimously approved by the members of the Joint Intelligence Committee, which included the heads of the intelligence agencies of the State, War and Navy Departments. It was then approved, with minor changes, by the Joint Chiefs of Staff comprising Fleet Admirals Leahy and King, Generals of the Army Marshall and Arnold. The recommendations of the JCS were concurred in at that time by the Secretaries of War and the Navy.

7. I recommend that a directive substantially in line with the draft attached (JCS Plan) be issued by the President as I believe it will provide a program which will best serve him and the national interest.

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5. *(Continued)*

TOP SECRET

-3-

Subject: Central Intelligence Agency.

DECLASSIFIED
E.O. 11652, Sec. 3(b) and 5(b)
C.I.A. [illegible]
By [illegible] NARS Date 1-16-73

8. As you know, my interest in this subject is wholly objective as I am not a candidate for the job of Director and couldn't accept even if it were offered me.

TOP SECRET

6. John Magruder, Memorandum for Maj. Gen. S. Leroy Irwin, "Assets of SSU for Peacetime Intelligence Procurement," 15 January 1946 (Carbon copy)

COPY

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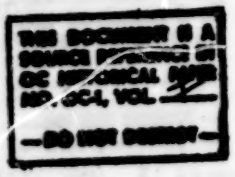

15 January 1946

MEMORANDUM FOR: Maj. Gen. S. Leroy Irwin

SUBJECT: Assets of SSU for Peace-time Intelligence Procurement.

SSU today possesses the essential personnel, techniques and facilities for all the complex phases of clandestine peace-time intelligence procurement. In addition the agency is serving the occupation forces in Germany, Austria, SEAC, and China, continuing responsibilities developed during hostilities. Except in SEAC, proposals to withdraw from these commitments, in order to concentrate on long range future operations, have been opposed by the Theater commanders concerned.

At present the primary objective of SSU is to convert its unique assets into the foundation for clandestine peace-time intelligence procurement. Work has been proceeding steadily despite such handicaps as repeated reductions in budget and personnel quotas and the general uncertainty as to the future of intelligence organization. This has resulted in the loss of many key officers and personnel.

SSU's paramount asset is its personnel, qualified and seasoned after four years of operation covering not only zones of active military combat but also areas where peace-time conditions prevailed. Many among the individuals who have left SSU constitute a pool of recoverable personnel for future work. Selected rosters noting particular qualifications and talents have been compiled and are being kept current.

Long range clandestine intelligence procurement depends on secrecy, inconspicuousness and individual devotion to duty. Personnel must be meticulously checked for reliability, without there being revealed the purpose for the investigation. Training must not permit too deep a knowledge of the organization, to protect against individual divulgence or compromise. Procedures must be flexible to permit coordinated development of various sources of information and opportunities for penetration.

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6. (Continued)

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"Cover" identities must be lived completely yet adapted to the assignment. And above all a break in security should not reflect on or compromise the United States, nor can official channels be called on for succor.

Secret Intelligence - the SI Branch.

Techniques: SI personnel are experienced in the basic techniques of procuring and handling clandestine foreign intelligence data:

1. Locating, screening, recruiting and indoctrinating operatives, agents and staff personnel.
2. Planning, mounting and supporting clandestine intelligence operations.
3. Collecting and reporting clandestine military, political, economic, sociological and scientific intelligence.
4. Cross-checking, evaluating, processing and disseminating such reports locally and laterally in the field and to users in Washington.

Personnel: All key branch personnel whether now in the United States or abroad have had responsible experience in some or all of the techniques in the field during the past four years, - in neutral, allied or enemy countries. Some who have already returned to civilian occupations desire to resume clandestine intelligence work abroad in the future under suitable cover. Others, still on duty in foreign countries, are well qualified for operations direction or supporting posts at headquarters, Washington. Still others, who have become suspected for clandestine activities in the areas where they are at present active in a semi-overt status, can nevertheless after a lapse of time be used elsewhere either in Washington or abroad.

In certain regions where it has been necessary to discontinue operations owing to lack of authority, funds, or facilities local agents who have served American secret intelligence purposes well have been "sealed off", with arrangements made to resume contact in the future.

Records and Working Files contain:

1. Processed intelligence reports, received from the field during the past four years, indexed for prompt use, numbering into tens of thousands.
2. War diaries, field histories, records of operational experience and manuals of intelligence doctrine and techniques.
3. Well-indexed files on U.S. personnel (citizen or resident) who have specialized knowledge of persons, subjects and objects located abroad.

[redacted]

6. (Continued)

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together with detailed interrogations of them concerning that knowledge.

4. The most comprehensive bibliography in the United States of the literature of espionage.

Liaisons: Highly productive liaisons were established during war-time with British, French, Belgian, Czech, Danish, Dutch, Norwegian, Polish, Siamese and Indo-Chinese intelligence services. In addition, certain relations were developed with the secret services of such neutral countries, as Switzerland, Sweden, Spain and Turkey.

These foreign liaisons are a continuing SSU asset that according to their principles can only be maintained by an American secret intelligence counterpart. They will be of unique value in peace-time in that other countries, in seeking American support, will voluntarily supply information otherwise difficult to obtain.

Current operations are of two general kinds:

1. Extensive semi-overt operations in areas under military commanders - Germany, Austria, China and Southeast Asia. These will terminate when the military need ends. Meanwhile these areas of occupation are proving to be excellent bases from which to operate into countries outside the areas, in transition to long-term peace-time clandestine operations. Similar operations are taking place in and out of Switzerland, Sweden, Italy, and Greece to all of which it is planned to send new personnel operating under new directives.

2. Long-term operations on peace-time basis are today well established in seven countries of the Near East and four of Northern Africa. These are true clandestine operations of permanent value.

Plans have been drawn in detail for clandestine operations in the Far East. They are complete and can be put into full effect in eight months time. Plans are being implemented for gradual expansion of Near East operations and enlargement of work in Africa.

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6. (*Continued*)

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Staff studies are now in process for long-term operations in key European countries. These must be implemented country by country, since the restoration of certain normal conditions is essential to the establishment and maintenance of successful cover.

Morale and physical subversion branches of SSU have been liquidated but selected personnel have been integrated into the SI Branch. In addition to specialized interpretation of reports they maintain complete files on techniques and operations to furnish the basis for positive planning for, or defense against, future subversive propaganda, sabotage or guerrilla activities.

Counter-Espionage - the X-2 Branch

Techniques: The X-2 Branch is in the unique position of being the only operating American counter-espionage organization with coordinated coverage in both military and non-military areas outside of the Western Hemisphere. Its tasks are to:

1. Observe, report on and correlate information concerning the activities of all foreign intelligence services and related secret organizations.
2. Advise and assist the appropriate executive agencies of the United States Government in frustrating such activities of these services as may be detrimental to American interests.
3. To protect clandestine intelligence operations of United States Government agencies/

The branch operates by the use of agents and double agents to obtain information concerning not only foreign intelligence personnel and their activities but also the structure and policies of their organizations. It works in close liaison with related American agencies in obtaining relevant information. On matters where the security of American interests is not jeopardized, it works in liaison with foreign counter-intelligence agencies to obtain data on matters and individuals of mutual interest. The intelligence services of smaller nations in particular show a marked interest in making available to SSU, which they regard as their American counterpart, counter-intelligence material on subjects

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6. (Continued)

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which they wish made known to the United States Government and which might otherwise not reach American sources.

Personnel: X-2 has developed a staff of specialists in procuring and correlating counter-espionage intelligence with over three years' active operational experience. They work in close liaison with such executive and law-enforcement agencies as State Department, G-2, ONI, FBI and Treasury supplying them with incoming information of special interest. In military areas, such as Germany, Austria, Italy and China, X-2 personnel operate as Special Counter-Intelligence Units which work in close liaison with G-2 Headquarters to conduct clandestine operations against foreign intelligence and sabotage organizations, assist in the interrogation of captured enemy agents and intelligence officials, analyze relevant captured enemy documents. X-2 complements the work of CIC in security matters of local interest, and receives CIC intelligence of broader than local significance.

In non-military areas, X-2 personnel generally operate in State Department diplomatic and consular offices particularly in major countries in Europe and the Near East. The X-2 representatives serve American Foreign Service Officers with advice and assistance on security against penetration by foreign intelligence services, and with security checks on native employees, applicants for United States visas or other individuals with whom the officers are in touch. They also maintain appropriate liaison with local counter-intelligence and police officials.

Records: Washington X-2 headquarters are the central operational center and collecting point for all information sent in by the field stations and representatives. Here exists a central file of information on over 400,000 individuals who are in one form or another connected with foreign intelligence and otherwise secret organizations whose activities are or may be inimical to American interests. In addition there are maintained comprehensive detailed studies of the structure, policies and operations of foreign intelligence agencies.

Communications

Clandestine intelligence procurement requires highly specialized rapid and secure communications, maintained throughout with complete secrecy and concealment of equipment.

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6. (Continued)

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The SSU Communications Branch is staffed by personnel who have served with it since its start. Overseas, Communications was an integral part of operations and the Branch was responsible for communications training of agent personnel and for establishing all types of communications links. Techniques and equipment were developed to protect the agent transmitting from deep inside enemy-held or occupied territory.

Working in close cooperation with Army and Navy laboratories research has been carried out with the most advanced electronic and specialized equipment, both manual and automatic, to adapt devices conceived for war conditions to permit new scope for peace-time clandestine activities. The expert technicians undertaking this research are still with SSU or are largely recoverable.

Paper and Documentation

This Branch through research and field experience can supply documentation and other items essential to provide details of physical "cover" and proper identification for agents. Its personnel have acquired knowledge of methods for producing blank documents of perfect accuracy and have developed techniques for the manufacture of papers of exact fineness, weight, color and texture and with authentic watermarks.

Methods of secret writing have been refined by SSU chemical researchers beyond detection by tests presently known to American and foreign agencies.

Special Funds

SSU Special Funds officers were active in all theaters and in neutral countries furnishing foreign currencies to secret agents to permit carrying out their activities. Through purchases and sales carefully coordinated by Washington headquarters, large sums of enemy and neutral currency were obtained without permitting any but an insignificant amount of U.S. money to reach enemy hands.

Supporting Services

Personnel Selection and Assessment. The selection and placement of personnel is a specialized problem in a clandestine organization. Personnel is needed with specialized knowledge of languages and countries and in addition, high standards of security, and emotional stability. A program of psychological assessment was instituted during the war, combined with use of reassessment and careful reporting on individual effectiveness in the field. Thus the potentialities of SSU personnel are a

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6. (Continued)

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matter of continuous record and the relative merits for intelligence work of various personality traits and attributes have been analyzed for guidance in future recruiting. These records, assessment methods, and trained personnel remain a significant SSU asset.

Training has been continuously readapted and expanded in the light of experience, and today new training manuals based upon the requirements for peace-time are nearing completion. The personnel, experienced in training and handling agents not only in Washington but in the field, remains with SSU or is to an large extent recoverable.

Security: Security officers have been on duty with all detachments and field mission headquarters. Following policies coordinated at Washington headquarters the standards of security within the agency have been high throughout, despite the varied nature of the agency's functions and stations of duty. These standards will require even more meticulous attention in peace-time world-wide operations.

Reproductions: SSU has a fully equipped printing plant for printing, offset, photostat, stencil mimeographing with security standards and efficiency so high that the most highly classified material from the White House and the Joint Chiefs of Staff has been entrusted to it. The personnel responsible for wartime work remain intact and prepared to continue their essential role in assuring undelayed and fully secure copying of even the most complex illustrated intelligence reports.

Services: Procedures fitted to clandestine operations require the complete cooperation and understanding of services units. Liaisons with Army, Navy, and Civil Service have permitted the adaptation of existing procedures to the needs of intelligence personnel. Special compensation, insurance, and hospitalization formulas have been worked out to serve the individual while maintaining security with regard to his work. Transportation and supply officers have become trained to meet the most specialized requirements of intelligence agents.

John Magruder
Brig. Gen., U.S.A.
Director

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7. Truman to the Secretaries of State, War, and Navy, 22 January 1946 (Photocopy)

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THE WHITE HOUSE
WASHINGTON

DEPARTMENT OF STATE
RECEIVED
JAN 2 : 1946
DO
OFFICE OF CHIEF

22, 1946

JAN 25 1946

To The Secretary of State,
The Secretary of War, and
The Secretary of the Navy.

1. It is my desire, and I hereby direct, that all Federal foreign intelligence activities be planned, developed and coordinated so as to assure the most effective accomplishment of the intelligence mission related to the national security. I hereby designate you, together with another person to be named by me as my personal representative, as the National Intelligence Authority to accomplish this purpose.

161.5

2. Within the limits of available appropriations, you shall each from time to time assign persons and facilities from your respective Departments, which persons shall collectively form a Central Intelligence Group and shall, under the direction of a Director of Central Intelligence, assist the National Intelligence Authority. The Director of Central Intelligence shall be designated by me, shall be responsible to the National Intelligence Authority, and shall sit as a non-voting member thereof.

3. Subject to the existing law, and to the direction and control of the National Intelligence Authority, the Director of Central Intelligence shall:

a. Accomplish the evaluation and evaluation of intelligence relating to the national security, and the

7. (*Continued*)

appropriate dissemination within the Government of the resulting strategic and national policy intelligence. In so doing, full use shall be made of the staff and facilities of the intelligence agencies of your Departments.

b. Plan for the coordination of such of the activities of the intelligence agencies of your Departments as relate to the national security and recommend to the National Intelligence Authority the establishment of such over-all policies and objectives as will assure the most effective accomplishment of the national intelligence mission.

c. Perform, for the benefit of said intelligence agencies, such services of common concern as the National Intelligence Authority determines can be more efficiently accomplished centrally.

d. Perform such other functions and duties related to intelligence affecting the national security as the President and the National Intelligence Authority may from time to time direct.

4. No police, law enforcement or internal security functions shall be exercised under this directive.

5. Such intelligence received by the intelligence agencies of your Departments as may be designated by the National Intelligence Authority shall be freely available to the Director of Central Intelli-

7. (*Continued*)

gence for correlation, evaluation or dissemination. To the extent approved by the National Intelligence Authority, the operations of said intelligence agencies shall be open to inspection by the Director of Central Intelligence in connection with planning functions.

6. The existing intelligence agencies of your Departments shall continue to collect, evaluate, correlate and disseminate departmental intelligence.

7. The Director of Central Intelligence shall be advised by an Intelligence Advisory Board consisting of the heads (or their representatives) of the principal military and civilian intelligence agencies of the Government having functions related to national security, as determined by the National Intelligence Authority.

8. Within the scope of existing law and Presidential directives, other departments and agencies of the executive branch of the Federal Government shall furnish such intelligence information relating to the national security as is in their possession, and as the Director of Central Intelligence may from time to time request pursuant to regulations of the National Intelligence Authority.

9. Nothing herein shall be construed to authorize the making of investigations inside the continental limits of the United States and its possessions, except as provided by law and Presidential directives.

7. (*Continued*)

10. In the conduct of their activities the National Intelligence Authority and the Director of Central Intelligence shall be responsible for fully protecting intelligence sources and methods.

Sincerely yours,

Harry Truman

FEB 1 5 01 PM '47
FEDERAL REGISTER

8. National Intelligence Authority, minutes of the National Intelligence Authority's 2nd Meeting, 8 February 1946

CONFIDENTIAL

COPY NO. 19

N.I.A. 2nd Meeting

NATIONAL INTELLIGENCE AUTHORITY

Minutes of Meeting held in Room 212
Department of State Building
on Friday, 8 February 1946, at 10:15 a.m.

MEMBERS PRESENT

Secretary of State James F. Byrnes, in the Chair
Secretary of War Robert P. Patterson
Secretary of the Navy James Forrestal
Fleet Admiral William D. Leahy,
Personal Representative of the President
Rear Admiral Sidney W. Souers,
Director of Central Intelligence

ALSO PRESENT

Mr. Alfred McCormack, Department of State
Mr. H. Freeman Matthews, Department of State
Mr. Davidson Sommers, War Department
Capt. William R. Smedberg, USN

SECRETARIAT

Mr. James S. Lay, Jr., Central Intelligence Group

This document has been approved for release through the [illegible] of the Central Intelligence Agency.

Date 11/2/[illegible]

[illegible] 45-2

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8. *(Continued)*

CONFIDENTIAL

1. PROPOSED TENTATIVE ORGANIZATION OF THE CENTRAL INTELLIGENCE GROUP
(N.I.A. 2)

SECRETARY BYRNES stated that he had discussed the intent of paragraph 4-a of the enclosure to N.I.A. 2 with the President, who assured him that only factual statements were desired. Secretary Byrnes therefore suggested adding the words "containing factual statements" after the word "summaries".

ADMIRAL SOUERS questioned whether daily factual summaries would not prove sufficient. He therefore recommended deletion of the words "and weekly" in paragraph 4-a.

THE NATIONAL INTELLIGENCE AUTHORITY:

Approved N.I.A. 2 subject to rewording of paragraph 4-a of the enclosure thereto as follows:

"a. Production of daily summaries containing factual statements of the significant developments in the field of intelligence and operations related to the national security and to foreign events for the use of the President, the members of this Authority, and additional distribution shown in Appendix 'C'."

2. PROPOSED POLICIES AND PROCEDURES GOVERNING THE CENTRAL INTELLIGENCE GROUP
(N.I.A. 1)

ADMIRAL SOUERS suggested the following rewording of the 3rd and 4th sentences of paragraph 5 of the enclosure to N.I.A. 1, which had been suggested by Mr. McCormack's office for budgetary reasons:

"As approved by this Authority and within the limits of available appropriations, the necessary funds and personnel will be made available to you by arrangement between you and the appropriate member of the Intelligence Advisory Board. You may determine the qualifications of personnel and the adequacy of individual candidates."

ADMIRAL LEAHY thought that the arrangements should be made between Admiral Souers and the appropriate Department through its member on the Intelligence Advisory Board, rather than between Admiral Souers and the appropriate member of that Board.

THE NATIONAL INTELLIGENCE AUTHORITY:

Approved N.I.A. 1 subject to the following rewording of the 3rd and 4th sentences of paragraph 5 of the enclosure thereto:

"As approved by this Authority and within the limits of available appropriations, the necessary funds and personnel will be made available to you by arrangement between you and the appropriate department through its member on the Intelligence Advisory Board. You may determine the qualifications of personnel and the adequacy of individual candidates."

9. National Intelligence Authority Directive 1, "Policies and Procedures Governing the Central Intelligence Group," 8 February 1946

~~SECRET~~ COPY NO. 76-A

8 February 1946

NATIONAL INTELLIGENCE AUTHORITY

N.I.A. DIRECTIVE NO. 1

POLICIES AND PROCEDURES GOVERNING THE CENTRAL INTELLIGENCE GROUP

Pursuant to the attached letter from the President, dated 22 January 1946, designating the undersigned as the National Intelligence Authority, you are hereby directed to perform your mission, as Director of Central Intelligence, in accordance with the following policies and procedures:

1. The Central Intelligence Group shall be considered, organized and operated as a cooperative interdepartmental activity, with adequate and equitable participation by the State, War and Navy Departments and, as recommended by you and approved by us, other Federal departments and agencies. The Army Air Forces will be represented on a basis similar to that of the Army and the Navy.

2. The Central Intelligence Group will furnish strategic and national policy intelligence to the President and the State, War and Navy Departments, and, as appropriate, to the State-War-Navy Coordinating Committee, the Joint Chiefs of Staff, and other governmental departments and agencies having strategic and policy functions related to the national security.

3. The composition of the Intelligence Advisory Board will be flexible and will depend, in each instance, upon the subject matter under consideration. The Special Assistant to the Secretary of State in charge of Research and Intelligence, the Assistant Chief of Staff G-2, WDGS, the Chief of Naval Intelligence and the Assistant Chief of Air Staff, Intelligence (or their representatives) will be permanent members. You will

9. (Continued)

[redacted]

invite the head (or his representative) of any other intelligence agency having functions related to the national security to sit as a member on all matters within the province of his agency.

All recommendations, prior to submission to this Authority, will be referred to the Board for concurrence or comment. Any recommendation which you and the Intelligence Advisory Board approve unanimously and have the existing authority to execute may be put into effect without action by this Authority. If any member of the Board does not concur, you will submit to this Authority the basis for his non-concurrence at the same time that you submit your recommendation.

4. Recommendations approved by this Authority will, where applicable, govern the intelligence activities of the separate departments represented herein. The members of the Intelligence Advisory Board will each be responsible for ensuring that approved recommendations are executed within their respective departments.

5. You will submit to this Authority as soon as practicable a proposal for the organization of the Central Intelligence Group and an estimate of the personnel and funds required from each department by this Group for the balance of this fiscal year and for the next fiscal year. Each year thereafter prior to the preparation of departmental budgets, you will submit a similar estimate for the following fiscal year. As approved by this Authority and within the limits of available appropriations, the necessary funds and personnel will be made available to you by arrangement between you and the appropriate department through its member on the Intelligence Advisory Board. You may determine the qualifications of personnel and the adequacy of individual candidates. Personnel assigned to you will be under your operational and administrative control, subject only to necessary personnel procedures in each department.

9. (*Continued*)

[redacted]

6. The Central Intelligence Group will utilize all available intelligence in producing strategic and national policy intelligence. All intelligence reports prepared by the Central Intelligence Group will note any substantial dissent by a participating intelligence agency.

7. As required in the performance of your authorized mission, there will be made available to you or your authorized representatives all necessary facilities, intelligence and information in the possession of our respective departments. Arrangements to carry this out will be made with members of the Intelligence Advisory Board. Conversely, all facilities of the Central Intelligence Group and all intelligence prepared by it will be made available to us and, through arrangements agreed between you and the members of the Intelligence Advisory Board, subject to any authorized restrictions, to our respective departments.

8. The operations of the intelligence agencies of our departments will be open to inspection by you or your authorized representatives in connection with your planning functions, under arrangements agreed to between you and the respective members of the Intelligence Advisory Board.

9. You are authorized to request of other Federal departments and agencies any information or assistance required by you in the performance of your authorized mission.

10. You will be responsible for furnishing, from the personnel of the Central Intelligence Group, a Secretariat for this Authority, with the functions of preparing agenda, reviewing and circulating papers for consideration, attending all meetings, keeping and publishing minutes, initiating and reviewing the implementation of decisions, and performing other necessary secretarial services.

Secretary of State

Secretary of War

Secretary of the Navy

Personal Representative of the President

10. Central Intelligence Group, "Daily Summary," 15 February 1946 (Ditto copy)

3 15, 1946

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~~CONFIDENTIAL~~

#1
15 Feb. 1946

GENERAL

1. Secret Yalta and Tehran Agreements for Sale in Paris--The Paris Embassy reports that alleged secret agreements between the US and the USSR at Yalta and Tehran have been offered for sale in Paris by agents of "some Russians" in Switzerland, and that a French and a Swiss newspaper are considering their publication. Ambassador Caffery has secured some of these "agreements" (there are said to be eleven of them), about which he reports the following:

a. In one Tehran "agreement" the US promised to supply the USSR with a $10 billion credit in return for a Soviet commitment to support our proposals for facilitating world trade, fair distribution of raw materials, and the regulation of international currency.

b. In one Yalta "agreement", allegedly signed by Hopkins and Molotov, the US recognized a Soviet claim of free access to the Mediterranean in return for a Soviet agreement (1) to recognize the absolute independence of Austria, Hungary, Czechoslovakia, Rumania, Bulgaria and Yugoslavia and (2) to renounce any agreements with those countries giving the Soviets a preferred position.

c. Another Yalta "agreement" covered the Soviet use of German prisoners and Soviet acquisition of German industrial machinery for reconstruction in the USSR.

In addition, the Embassy reports that these agents are also said to be offering (a) secret Soviet agreements with Syria and Lebanon and (b) a treaty between Iraq and Transjordan.

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EUROPE-AFRICA

2. GERMANY: Discontinuance of relief for displaced persons in US Zone--The War Department has authorized Gen. McNarney to announce by 1 March the discontinuance of relief by 1 July for all displaced persons in the US Zone in Germany. An exception will be made, however, for those persons who are unwilling to be repatriated because of possible persecution on the grounds of race, religion, etc. Those desiring repatriation will be moved out by 1 July.

3. TURKEY: USSR willing to wait for solution of Turkish "problem"--In conversation with the Turkish Acting Foreign Minister, as reported by Embassy Ankara, Soviet Ambassador Vinogradov has stated that "we waited a long time regarding the arrangement we wanted with Poland and finally got it; we can wait regarding Turkey." He said that for a reestablishment of friendly relations between the two countries, a solution of the USSR's claims regarding the eastern provinxes of Turkey was important, but the question of the Straits was "vital". Asked what the Soviet requirements regarding the Straits were, Vinogradov replied that the USSR (a) must have an adequate guarantee) that the security of the Soviet Union will not be endangered, (b) that a sovereign and friendly Turkey at the Straits would not be adequate for the defense of the Straits, and (c) that Soviet use of bases in the Straits when the need arose would be essential.

4. YUGOSLAVIA: Anti-AMG propaganda in Venezia Giulia--Military authorities in Venezia Giulia report that Communist press attacks on the Allied Military Government are mounting, probably in an effort to obtain UNO examination of Allied actions in Venezia Giulia. The authorities also report reinforcements of Yugoslav troops in the Yugoslav zone of the province, apparently in order to apply pressure on the local population during the visit of the Council of Foreign Ministers' Commission.

FAR EAST

5. CHINA: US moves Chinese armies--CG, Chinese Theatre reports that five Chinese armies and 18,000 service troops are being moved north by him for occupation of Manchuria. In addition to moving this force, he is supplying them with 250,000 sets of US winter clothing.

6. FRENCH INDOCHINA: Proposed Sino-French agreement--The Chinese Foreign Office has informed Embassy Chungking that negotiations with France concerning Indochina are in the final stage. Principal provisions of the proposed agreement include: (a) withdrawal of Chinese troops, (b) upholding of prewar Chinese rights, (c) freedom of transportation on the Yunnan-Indochina Railway, and elimination of duties through Haiphong.

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11. Souers to National Intelligence Authority, "Progress Report on the Central Intelligence Group," 7 June 1946

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WJL

PROGRESS REPORT ON THE CENTRAL INTELLIGENCE GROUP

Memorandum Submitted To
THE NATIONAL INTELLIGENCE AUTHORITY

by

Rear Admiral Sidney W. Souers, USNR
Director of Central Intelligence

Dated 7 June 1946

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COPY NO. 5

7 June 1946

MEMORANDUM FOR THE NATIONAL INTELLIGENCE AUTHORITY

SUBJECT: Progress Report on the Central Intelligence Group

1. ESTABLISHMENT

The Central Intelligence Group was officially activated on 8 February 1946 pursuant to the approval of N.I.A. Directive No. 2. Actually, a small group of personnel from the State, War, and Navy Departments had been assembled beginning on 25 January, three days after the President signed the letter directing the establishment of the National Intelligence Authority.

2. ORGANIZATION

The Central Intelligence Group has been organized in accordance with N.I.A. Directive No 2. The major components at the present time are the Central Planning Staff, charged with planning the coordination of intelligence activities, and the Central Reports Staff, responsible for the production of national policy intelligence. A Chief of Operational Services, with a small staff, has been designated as a nucleus from which an organization to perform services of common concern may be built. A small Secretariat to serve the National Intelligence Authority, the Central Intelligence Group, and the Intelligence Advisory Board, has been created. The Administrative Division consists of an Administrative Officer, a Security Officer, a Personnel Officer, and a small group of trained personnel to provide necessary administrative services for the Central Intelligence Group.

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3. PERSONNEL

Personnel for C.I.G. has been requested and selected on the principle that only the most experienced individuals in each field of intelligence activity should be utilized in this vital preliminary period. The responsible officers in the Departments have cooperated wholeheartedly toward this end. However, the procurement of C.I.G. personnel has necessarily been a rather slow process, in view of the demobilization and the fact that C.I.G. and departmental requirements for qualified individuals naturally had to be reconciled in many specific cases. The present status of C.I.G. personnel is shown in the following tabulation:

	STATE		WAR		NAVY		TOTAL	
	Actual	Auth.	Actual	Auth.	Actual	Auth.	Actual	Auth.
Central Reports Staff	5	17	10(5A)	26	4	18	19	61
Central Planning Staff	6	10	13(5A)	20	8	10	27	40
Administrative Division *	5	16	16(3A)	33	4	15	25	64
TOTAL	16	43	39(13A)	79	16	43	71	165
Accepted but not yet assigned to C.I.G.	5	—	6	—	2	—	13	—
TOTAL	21	43	45	79	18	43	84	165
% of Authorized	49%	—	57%	—	42%	—	51%	—

* Includes Office of Director, Secretariat, and Chief of Operational Services.

"Auth." - Authorized by N.I.A. Directive No. 2

"A" - Personnel assigned by A-2

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It may be seen that the organization of the Central Planning Staff has been given priority, since effective planning is considered a necessary prelude to accomplishment of the C.I.G. mission. Concentration is now placed on manning the Central Reports Staff. The need for filling positions in the Administrative Division has been largely alleviated by the part-time use of the personnel and facilities of the Strategic Services Unit, although this Division will require reinforcement when centralized operations are undertaken.

A development of great importance regarding personnel has been the designation of specially qualified consultants to the Director of Central Intelligence. An outstanding scientist with wide intelligence experience, Dr. H. P. Robertson, is Senior Scientific Consultant to the Director. Arrangements are well advanced for the designation of Mr. George F. Kennan, recently Charge d'Affaires in Moscow and a Foreign Service Officer with a distinguished career, as Special Consultant to the Director, particularly on U.S.S.R. affairs.

4. ACTIVITIES

The activities of the Central Intelligence Group to date have been characterized principally by the administrative details of organization, the consideration of urgent problems, and the basic planning for a sound future intelligence program. Basic policies and procedures regarding the organization have been established. Urgent problems in the intelligence field,

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especially as regards certain vital operations, have been carefully studied and appropriate action has been or is ready to be taken. Substantial progress has been made in the analysis of long-range intelligence problems. The throes of initial organization and planning are, therefore, generally past, and the time for initiation of centralized intelligence operations has now been reached.

Coordination of Intelligence Activities. Beginning on 12 February 1946, four days after the activation of C.I.G., the C.I.G. has been receiving numerous suggestions or recommendations for studies leading to the effective coordination of Federal intelligence activities. A number of other studies of this type have been initiated by C.I.G. These problems generally fall into three categories: (a) problems for which partial but inadequate solutions were evolved during the war; (b) problems which existing Governmental machinery was unable to solve or incapable of solving; and (c) problems which required new solutions in the light of the post-hostilities situation.

Some of these problems, particularly in the third category, require urgent interim solution. Among these problems for which interim solutions have been evolved or initiated are the liquidation of the Strategic Services Unit, the development of intelligence on the U.S.S.R., and the coordination of scientific intelligence.

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Problems for which immediate solutions are well advanced include the following:

a. Provision for monitoring press and propaganda broadcasts of foreign powers.

b. Provision for coordinating the acquisition of foreign publications.

c. Coordination of collection of intelligence information.

d. Coordination of intelligence research.

e. Essential elements of information.

f. Provision for collecting foreign intelligence information by clandestine methods.

g. Intelligence on foreign industrial establishments.

h. Interim study of the collection of intelligence information in China.

i. Central Register of Intelligence Information.

Projects which are in various stages of study or planning cover the following additional subjects:

a. Disposition of files of the U.S. Strategic Bombing Survey.

b. Censorship planning.

c. Intelligence terminology.

d. Resources potential program.

e. Application of sampling techniques to intelligence.

f. Survey of coverage of the foreign language press in the United States.

g. Intelligence on foreign petroleum developments.

h. Coordination of geographical and related intelligence.

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i. Disposition of the Publications Review Subcommittee of the Joint Intelligence Committee.

j. Survey of the Joint Intelligence Study Publishing Board.

k. Disposition of the photographic intelligence file in the Department of State.

l. Coordinated utilization of private research in the social sciences.

m. Index of U.S. residents of foreign intelligence potential.

n. Exploitation of American business concerns with connections abroad as sources of foreign intelligence information.

o. Planning for psychological warfare.

p. Utilization of the services of proposed minerals attaches.

One of the functions of C.I.G. which has assumed great importance is the support of adequate budgets for Departmental intelligence. Coordinated representation to the Bureau of the Budget and the Congress, of the budgetary requirements for intelligence activities, promises to be one of the most effective means for guarding against arbitrary depletion of intelligence resources at the expense of national security. So long as the C.I.G. is dependent upon the Departments for budgetary support, however, its authority to speak as an unbiased guardian of the national security will be suspect and therefore not wholly effective.

Production of National Policy Intelligence. Pursuant to N.I.A. Directive No. 2, the Central Reports Staff concentrated on the production of a factual Daily Summary, the

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the first issue of which was dated 13 February. Although this Summary covered operational as well as intelligence matters and involved no C.I.G. interpretation, it has served to keep the C.I.G. personnel currently advised of developments and formed a basis for consideration of future intelligence reports.

Despite the undermanned condition of the Central Reports Staff, the urgent need for a Weekly Summary has resulted in the decision to produce the first issue on 14 June. Until adequately staffed in all geographic areas, however, this publication will concentrate on those areas for which qualified personnel is now available. The concept of this Weekly Summary is that it should concentrate on significant trends of events supplementing the normal intelligence produced by the Departments. Procedures are being developed to ensure that the items contained therein reflect the best judgment of qualified personnel in C.I.G. and the Departments.

The primary function of C.I.G. in the production of intelligence, however, will be the preparation and dissemination of definitive estimates of the capabilities and intentions of foreign countries as they affect the national security of the United States. The necessity of assigning the best qualified and carefully selected personnel to this vital task has delayed its initiation. Solution of the relationship of this C.I.G. activity to the Departments, the State-War-Navy Coordinating Committee, the Joint Chiefs of Staff, and other agencies concerned with the national security, has also been deferred

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pending the procurement of adequate personnel. This procurement has now been given priority, and it is anticipated that the Central Reports Staff will be prepared to produce national policy intelligence at an early date.

Performance of Centralized Operational Services. The operation of central services by the C.I.G. has been considered to be a subject requiring careful study to ensure that Departmental operations are not impeded or unnecessarily duplicated. The urgent need for central direction of the activities and liquidation of the Strategic Services Unit was recognized by the N.I.A. and an arrangement was effected whereby this Unit is operated by the War Department under directives from the Director of Central Intelligence. This arrangement temporarily provided C.I.G. with facilities for direct collection of required information but is admittedly only a stop-gap measure.

C.I.G. planning and organization has now progressed to the point where firm recommendations may be made for C.I.G operation of intelligence services which can be more efficiently accomplished centrally. Among those operations under consideration as C.I.G. activities are:

a. Monitoring press and propaganda broadcasts of foreign powers.

b. Collection of foreign intelligence information by clandestine methods.

c. Production of static intelligence studies of foreign areas, to replace Joint Army-Navy Intelligence Studies (JANIS).

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d. Establishment of a Central Register of Intelligence Information.

e. Basic research and analysis of intelligence subjects of common interest to all Departments, such as economics, geography, sociology, biographical data, etc.

In the consideration of performance by C.I.G. of central operations, however, the administrative, budgetary and legal difficulties of the present organization have presented real problems. The reduction of Departmental funds and personnel for intelligence activities have made it difficult for Departments, despite their desire to cooperate, to furnish the necessary facilities to C.I.G. The inability of C.I.G. to recruit personnel directly from civilian life, and the administrative complications of procuring personnel from the Departments, are likely to jeopardize effective conduct of C.I.G. operations. The lack of enabling legislation making the C.I.G. a legal entity has made it impossible to negotiate contracts which are required for many operations, such as the monitoring of foreign broadcasts.

5. CONCLUSIONS

a. The present organizational relationship between the National Intelligence Authority, the Central Intelligence Group, and the Intelligence Advisory Board is sound.

b. The initial organizational and planning phase of C.I.G. activities has been completed and the operation of centralized intelligence services should be undertaken by C.I.G. at the earliest practicable date.

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c. The National Intelligence Authority and the Central Intelligence Group should obtain enabling legislation and an independent budget as soon as possible, either as part of a new national defense organization or as a separate agency, in order that (1) urgently needed central intelligence operations may be effectively and efficiently conducted by the Central Intelligence Group, and (2) the National Intelligence Authority and the Central Intelligence Group will have the necessary authority and standing to develop, support, coordinate and direct an adequate Federal intelligence program for the national security.

SIDNEY W. SOUERS
Director

12. George M. Elsey, Memorandum for the Record, 17 July 1946
(Photocopy)

Intelligence

17 July 1946

MEMORANDUM FOR:

FILE.

On 16 July Mr. Clifford met Mr. Huston and Mr. Lay from the Central Intelligence Group, in his office and discussed with them a proposed bill for the establishment of the Central Intelligence Agency. Commander Elsey was also present.

The basis of the discussion was the draft bill which had been submitted by General Vandenberg to Mr. Clifford for comment, and Mr. Clifford's memorandum in reply of 12 July 1946.

Mr. Clifford pointed out that it was not the President's original intention that a new agency be created and he remarked that it appeared that the proposed bill was departing from the President's intention by establishing a separate and sizeable government agency. Mr. Clifford also remarked that the President had intended that his letter of 22 January 1946 would provide a workable plan for the Central Intelligence Group. Mr. Clifford then asked if experience had shown that the plan outlined in the President's letter was not workable.

Mr. Huston and Mr. Lay discussed at some length the administrative difficulties which the Central Intelligence Group has had due to its being a step-child of three separate departments. They stated that experience showed that enabling legislation was necessary in order that the Central Intelligence Group could operate as an integrated organization. They also informed Mr. Clifford that experience had shown that the Central Intelligence Group should become an operating agency with a large staff of Intelligence experts.

After lengthy discussion, it was agreed by all present that the original concept of the Central Intelligence Group should now be altered; experience had shown that it would be ineffective if it remained only a small planning staff and that it must now become a legally established, fairly sizeable, operating agency. Mr. Clifford stated that he would discuss this new concept with Admiral Leahy and the President.

There followed a detailed examination of the draft bill in light of the comments and criticisms made in Mr. Clifford's

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memorandum of 12 July. Mr. Huston and Mr. Lay agreed that all of Mr. Clifford's points were well taken and they agreed to rewrite the bill incorporating his suggestions.

It was apparent during this lengthy part of the discussion that neither Mr. Huston nor Mr. Lay had given much thought to the words which they had used in drafting the bill. Both stated that large parts of it had been extracted from other proposed legislation or other documents relating to Intelligence. In their hasty preparation of the draft in this scissors-and-paste method, they had failed to grasp the essential point that the National Intelligence Authority should be a planning group and the Central Intelligence Agency an operating group.

Mr. Clifford pointed out to them the probable opposition which a proposed bill would arouse if great care and thought were not given to the choice of words used.

Mr. Huston and Mr. Lay will prepare a new bill and send it to Mr. Clifford for comment.

GEORGE M. ELSEY

13. National Intelligence Authority, minutes of the NIA's 4th Meeting, 17 July 1946

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COPY NO. 34

N.I.A. 4th Meeting

NATIONAL INTELLIGENCE AUTHORITY

Minutes of Meeting held in Room 212
Department of State Building
on Wednesday, 17 July 1946, at 10:30 a.m.

MEMBERS PRESENT

Secretary of State James F. Byrnes, in the Chair
Secretary of War Robert P. Patterson
Acting Secretary of the Navy John L. Sullivan
Fleet Admiral William D. Leahy, Personal Representative of the President
Lt. General Hoyt S. Vandenberg, Director of Central Intelligence

ALSO PRESENT

Dr. William L. Langer, Special Assistant to the Secretary of State for Research and Intelligence
Mr. John D. Hickerson, Department of State
Colonel Charles W. McCarthy, USA
Captain Robert L. Dennison, USN

SECRETARIAT

Mr. James S. Lay, Jr., Secretary, National Intelligence Authority

This document has been approved for release through the HISTORICAL REVIEW PROGRAM of the Central Intelligence Agency

Date 12/2/92

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NIA 4TH MEETING

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1. REPORT BY THE DIRECTOR OF CENTRAL INTELLIGENCE

SECRETARY BYRNES asked General Vandenberg to give the members a report on present and future matters concerning the Central Intelligence Group.

GENERAL VANDENBERG invited attention to the conclusions contained in the "Progress Report on the Central Intelligence Group" by Admiral Souers, former Director of Central Intelligence. General Vandenberg explained that at the present time each intelligence agency is working along the lines of primary interest to its department. It is his belief that C.I.G. should find out what raw material received by one department is of interest to the others. In order to do this, C.I.G. must be in a position to see and screen all raw material received. For example, as regards a given steel plant, State is studying what products are made there and the rate of production. War Department, however, is interested in the construction and physical details of the plant, the railroads serving it, and other data required for target information. State Department, if it broadened the base of its studies, might well be able to furnish at least part of that type of economic intelligence. It is the job of C.I.G., therefore, to find out the needs of all the departments and to meet them, either by recommending that one department expand its activities or by performing the necessary research in C.I.G. In order to do this, an adequate and capable staff is urgently required in C.I.G. It is extremely difficult administratively to procure the necessary personnel under the present arrangement. General Vandenberg therefore feels that he must have his own funds and be able to hire people. This means that C.I.G. must be set up as an agency by enabling legislation.

SECRETARY BYRNES expressed the understanding that the N.I.A. was intentionally established as it is in an effort to avoid the necessity for an independent budget.

SECRETARY PATTERSON agreed, and explained that this was designed to conceal, for security reasons, the amount of money being spent on central intelligence.

SECRETARY BYRNES thought that it would be difficult to explain to Congress the need for intelligence funds without jeopardizing security.

GENERAL VANDENBERG thought that such considerations should be balanced against the added administrative difficulties they caused. He expressed the belief that the important thing was that the Central Intelligence Group should be an effective and efficient organization.

ADMIRAL LEAHY said that it was always understood that C.I.G. eventually would broaden its scope. It was felt, however, that the Departments initially could contribute sufficient funds and personnel to get it started. He is about convinced that N.I.A. should now attempt to get its own appropriations. These appropriations, however, should be small, since the three departments should continue to furnish the bulk of the necessary funds.

SECRETARY PATTERSON thought that the administrative problems could be worked out under the present arrangements.

SECRETARY BYRNES believed that the major problem was to find a way for the departments to give C.I.G. the money it needed.

13. (*Continued*)

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SECRETARY PATTERSON stated that he was perfectly willing to direct Army Intelligence to furnish the necessary funds to C.I.G. and then let the Director of Central Intelligence pick his own personnel with those funds. He opposed a separate budget because he does not want to expose these intelligence operations.

SECRETARY BYRNES agreed that we could not afford to make such disclosures in this country.

GENERAL VANDENBERG pointed out that each personnel action must be handled at present by 100 people in each department. This means that knowledge of C.I.G. personnel is exposed to 300 people in the three departments. He feels that handling personnel actions within C.I.G. itself would improve security.

ADMIRAL LEAHY agreed that it was undesirable that so many people in the departments should have knowledge of C.I.G. He felt that if each department gave C.I.G. funds, personnel actions could be taken by C.I.G. itself without exposing them.

GENERAL VANDENBERG pointed out that this would still require defending three separate appropriations acts before the Senate and the House of Representatives.

DR. LANGER agreed that the funds would have to be defended before the Congress in any case.

SECRETARY BYRNES recalled that members of Congress had offered to include the State Department intelligence budget under such terms as "investigations abroad" or as an added amount in any other budget account. He felt that since Congress was apparently willing to do this, the funds might easily be hidden in this manner within departmental budgets.

DR. LANGER thought that Admiral Leahy's suggestion would be very effective. It might be possible to give N.I.A. an independent budget for the more overt activities, and hide other funds in departmental appropriations. This would serve as ideal cover for covert activities. Moreover, he believed that an independent appropriation for C.I.G. would make General Vandenberg more effective in supporting departmental intelligence budgets.

ADMIRAL LEAHY felt that this problem must be approached very carefully. He believed that no one was better qualified to advise N.I.A. on this than Secretary Byrnes, with his Congressional background. Admiral Leahy stated that the President authorized him to make it clear that the President considered the responsible agency in the present arrangement to be the N.I.A. The President stated that the Director of Central Intelligence is not responsible further than to carry out the directives of the N.I.A. Admiral Leahy said there were some indications that the Director of Central Intelligence, with the Intelligence Advisory Board, might tend to assume greater control over intelligence activities than was intended. Admiral Leahy reiterated that the President holds the Cabinet officers on N.I.A. primarily responsible for coordination of intelligence activities.

SECRETARY SULLIVAN compared the Director of Central Intelligence to an executive vice president who carries out the instructions and policies of the N.I.A.

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ADMIRAL LEAHY stated that with regard to a bill to obtain an independent budget and status for N.I.A., the President considers it inadvisable to attempt to present such a bill before the present Congress. The President feels that there is not enough time for the N.I.A. to give this question sufficient study. The President feels, however, that a bill might be drafted and be under study by the N.I.A. with a view to the possibility of presenting it to the next Congress. Admiral Leahy stated that in the meantime he felt that General Vandenberg should be given, so far as practicable, all the assistance that he requires.

GENERAL VANDENBERG pointed out that C.I.G. is not an agency authorized to disburse funds. Therefore, even with funds from the departments, it would require disbursing and authenticating officers in all three departments, plus the necessary accounting organization in C.I.G. He felt that this was requiring four fiscal operations where one should suffice.

ADMIRAL LEAHY suggested, and SECRETARY BYRNES agreed, that this might be taken care of by the wording of an appropriations act.

DR. LANGER questioned this possibility unless C.I.G. was given status as a disbursing agency.

SECRETARY BYRNES thought this status could be given the agency by the President under the authority of the Emergency Powers Act.

GENERAL VANDENBERG said that he understood that this solution was decided against because it might indicate that N.I.A. was a temporary expedient which would terminate with the end of the President's war powers.

SECRETARY BYRNES was sure that it could be done by the President under his reorganization authority and without reference to the Emergency Powers Act. Secretary Byrnes undertook to talk with the Bureau of the Budget on this matter and report back to the N.I.A.

ADMIRAL LEAHY was convinced that C.I.G. must have funds for which it does not have to account in detail.

DR. LANGER questioned whether General Vandenberg was not more concerned over the cumbersome arrangement for handling personnel actions in all three departments.

GENERAL VANDENBERG stressed the fact that without money there could be no personnel actions. For example, he noted that the State Department does not have sufficient funds to pay personnel required for C.I.G. General Vandenberg agreed, however, that personnel actions were extremely difficult under present arrangements. For example, it takes an average of six weeks to obtain security clearance from the Departments, and he does not feel that he should employ anyone without such clearance. General Vandenberg stressed the fact that his greatest interest was in getting C.I.G. into operation by whatever means possible. He felt that time was of the essence during this critical period.

SECRETARY BYRNES believed that the only way at present to avoid the administrative difficulties was to arrange to have each department transfer the necessary funds to C.I.G.

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GENERAL VANDENBERG pointed out the difficulty of obtaining funds from the Departments. For example, although the State Department requested about $330,000 for N.I.A., only $178,000 is being made available. While he appreciated the need of the State Department for the other funds, this case exemplified the fact that C.I.G. could never be certain of receiving the funds which it requested and defended unless they were appropriated directly to C.I.G.

DR. LANGER believed that this situation would not recur in the future, but he did agree that State's contribution to C.I.G. was not adequate. He did not see, however, how this could be increased except through a deficiency bill.

SECRETARY SULLIVAN asked why additional funds might not be secured from the President's emergency fund.

GENERAL VANDENBERG stated that total funds available to C.I.G. for the fiscal year 1947 were $12,000,000, which left a shortage for effective operations of $10,000,000. He asked whether it might be possible to obtain permission to spend available funds at an accelerated rate in anticipation of the submission of the deficiency bill.

SECRETARY BYRNES thought that such permission could not be obtained. He noted that what General Vandenberg had stated was that C.I.G. had $12,000,000 and wanted $22,000,000.

Dr.LANGER questioned whether any mechanism was to be available for reviewing this proposed budget.

GENERAL VANDENBERG stated that he had the details available. He noted, however, that comprehensive review meant that this information must be widely disclosed to personnel in three departments.

SECRETARY SULLIVAN felt that since the President's remarks indicated that he held N.I.A. responsible, they must know the details regarding any C.I.G. budget request.

At Secretary Byrnes' request, GENERAL VANDENBERG then made a brief report on C.I.G. activities. He noted that C.I.G. was taking over Foreign Broadcast Intelligence Service and all clandestine foreign intelligence activities. In addition, however C.I.G. is receiving daily requests to take over functions now being done by various State, War and Navy Committees. One example is the suggestion that C.I.G. centralize the handling of codes and ciphers to improve their security. Another example is the concern of the War Department about exchange of information with the British. The State-War-Navy Coordinating Committee has a subcommittee covering this exchange, but it handles only about 20 or 30 percent of the information actually exchanged. This subcommittee confines itself purely to secret matters, whereas the Army Air Forces believe that a central clearing house should be established where the bargaining value of this information may also be taken into account.

DR. LANGER pointed out that the SWNCC subcommittee deals only with technical military information. He feels, however, that the problem also involves such matters as the transfer of non-military information and the declassification of material. Unless these matters are centralized, each department will continue, as at present, going its own way.

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GENERAL VANDENBERG reported that he has already set up an Office of Special Operations. He has also established an Interdepartmental Coordinating and Planning Staff, but only on a skeleton basis because of his need for additional personnel.

SECRETARY PATTERSON felt that all of General Vandenberg's present problems should be solved if the Secretary of State can obtain help from the Bureau of the Budget.

GENERAL VANDENBERG stated his problems, briefly, were that he needed money, the authority to spend it, and the authority to hire and fire.

SECRETARY BYRNES felt there were really two problems: First, to find ways to handle the money now available, and second, to get whatever additional funds are required. He thought it would be difficult to get additional funds fifteen days after the fiscal year had begun. He questioned whether present funds should not be sufficient since the understanding was that C.I.G. was primarily continuing functions which have been previously performed.

GENERAL VANDENBERG explained that C.I.G. was now undertaking certain new functions and also expanding some existing ones. In answer to questions, General Vandenberg stated that he proposed to have about 1900 people in secret intelligence and a total of something less than 3000 in C.I.G. by the end of the fiscal year.

DR. LANGER stated that he agreed with almost everything that General Vandenberg had said, but that he was impressed with the imposing size of the proposed organization. He thought there should be a definite review of the program before a request for an additional $10,000,000 is approved.

GENERAL VANDENBERG pointed out that there is a clear need for additional appropriations for intelligence in view of changing conditions. During the war there were American forces all over the world who were procuring information and intelligence in connection with military operations. These operations were not considered as intelligence activities, however, and the funds required for them were not charged to intelligence. These operations are now shrinking rapidly. It is necessary, therefore, to have intelligence agents all over the world to get the same information which during the war was handed to intelligence agencies on a silver platter.

SECRETARY PATTERSON agreed with this statement. He noted that in each theater of operations G-2 activities were merely a part of the Army's operations and were not considered to be part of the intelligence organization directed from Washington.

GENERAL VANDENBERG then discussed briefly his proposed organization chart for the Central Intelligence Group. He noted that there would be an Interdepartmental Coordinating and Planning Staff to assist in the coordination of all intelligence activities related to the national security. There would then be four offices to conduct C.I.G. operations, namely, Special Operations, Collection, Research and Evaluation, and Dissemination.

[redacted] - 5 -

13. *(Continued)*

[redacted]

After further discussion,

THE NATIONAL INTELLIGENCE AUTHORITY:

a. Noted General Vandenberg's report on the Central Intelligence Group.

b. Noted that the Secretary of State would discuss with the Bureau of the Budget the solution of the problems mentioned by General Vandenberg, and would report back to the Authority.

c. Noted the organization of the Central Intelligence Group which General Vandenberg was planning to put into effect.

[redacted]

14. Clifford to Leahy, 18 July 1946
(Typed copy)

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File Wright

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C
O
PY
THE WHITE HOUSE

WASHINGTON

July 18, 1946

My dear Admiral Leahy:

The President has directed me to assemble for him certain facts and information regarding the Soviet Union. He has directed me to obtain from the Central Intelligence Group estimates of the present and future foreign and military policies of the Soviet Union. I am therefore writing to request that the National Intelligence Authority instruct the Director of Central Intelligence to prepare such estimates for submission to the President at the earliest practicable date.

It is also desired that the Central Intelligence Group prepare a statement of conclusions drawn from the monitoring of Soviet broadcasts, with special attention devoted to the descriptions of Soviet and American foreign policies.

Inasmuch as the President hopes that this information will be in his hands before the convening of the Peace Conference in Paris on 29 July 1946, it is desired that the reports I have requested be delivered to me prior to that date.

Very truly yours,

/s/ Clark M. Clifford

CLARK M. CLIFFORD
Special Counsel t o the President

Fleet Admiral William D. Leahy, USN
The National Intelligence Authority
Washington, D.C.

- -

19 July 1946

To: Director of Central Intelligence:

Please comply as a matter of priority.

/s/ William L. Leahy
Chief of Staff

Document No. 43
Review of this document by CIA has determined that
☐ CIA has no objection to declass
☐ It contains information of CIA interest that must remain classified at TS (S) 8
Authority: NR 70-2
☐ It contains nothing of CIA interest
Date 2/4/51 Reviewer 2/4/50

~~TOP SECRET~~

15. CIG, Office of Research and Evaluation, ORE 1, "Soviet Foreign and Military Policy," 23 July 1946

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~~CONFIDENTIAL~~

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CENTRAL INTELLIGENCE GROUP

SOVIET FOREIGN AND MILITARY POLICY

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ORE 1

23 July 1946

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15. *(Continued)*

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23 July 1946

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CENTRAL INTELLIGENCE GROUP

SOVIET FOREIGN AND MILITARY POLICY

SUMMARY

1. The Soviet Government anticipates an inevitable conflict with the capitalist world. It therefore seeks to increase its relative power by building up its own strength and undermining that of its assumed antagonists.

2. At the same time the Soviet Union needs to avoid such a conflict for an indefinite period. It must therefore avoid provoking a strong reaction by a combination of major powers.

3. In any matter deemed essential to its security, Soviet policy will prove adamant. In other matters it will prove grasping and opportunistic, but flexible in proportion to the degree and nature of the resistance encountered.

4. The Soviet Union will insist on exclusive domination of Europe east of the general line Stettin-Trieste.

5. The Soviet Union will endeavor to extend its predominant influence to include all of Germany and Austria.

6. In the remainder of Europe the Soviet Union will seek to prevent the formation of regional blocs from which it is excluded and to influence national policy through the political activities of local Communists.

7. The Soviet Union desires to include Greece, Turkey, and Iran in its security zone through the establishment of "friendly" governments in those countries. Local factors are favorable toward its designs, but the danger of provoking Great Britain and the United States in combination is a deterrent to overt action.

8. The basic Soviet objective in the Far East is to prevent the use of China, Korea, or Japan as bases of attack on the Soviet Far East by gaining in each of those countries an influence at least equal to that of the United States.

9. The basic Soviet military policy is to maintain armed forces capable of assuring its security and supporting its foreign policy against any possible hostile combination. On the completion of planned demobilization these forces will still number 4,500,000 men.

10. For the time being the Soviets will continue to rely primarily on large masses of ground troops. They have been impressed by Anglo-American strategic air power, however, and will seek to develop fighter defense and long range bomber forces.

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15. (*Continued*)

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11. The Soviets will make a maximum effort to develop as quickly as possible such special weapons as guided missiles and the atomic bomb.

12. Further discussion of Soviet foreign policy is contained in Enclosure "A"; of Soviet military policy, in Enclosure "B".

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15. *(Continued)*

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ENCLOSURE "A"

SOVIET FOREIGN POLICY

THE BASIS OF SOVIET FOREIGN POLICY

1. Soviet foreign policy is determined, not by the interests or aspirations of the Russian people, but by the prejudices and calculations of the inner directorate of the Communist Party in the Soviet Union. While the shrewdness, tactical cunning, and long-range forethought of this controlling group should not be minimized, its isolation within the Kremlin, ignorance of the outside world, and Marxist dogmatism have significant influence on its approach to problems in foreign relations.

2. The ultimate objective of Soviet policy may be world domination. Such a condition is contemplated as inevitable in Communist doctrine, albeit as a result of the self-destructive tendencies of capitalism, which Communist effort can only accelerate. In view, however, of such actual circumstances as the marked indisposition of democratic nations to adopt the Communist faith and the greatly inferior war potential of the Soviet Union in relation to them, that goal must be regarded by the most sanguine Communist as one remote and largely theoretical. While acknowledging no limit to the eventual power and expansion of the Soviet Union, the Soviet leadership is more practically concerned with the position of the U.S.S.R. in the actual circumstances.

3. For the present and the indefinite future the fundamental thesis of Soviet foreign policy is the related proposition that the peaceful coexistence of Communist and capitalist states is in the long run impossible. Consequently the U.S.S.R. must be considered imperiled so long as it remains within an antagonistic "capitalist encirclement."* This concept, absurd in relation to so vast a country with such wealth of human and material resources and no powerful or aggressive neighbors, is not subject to rational disproof precisely because it is not the result of objective analysis. It is deeply rooted in a haunting sense of internal and external insecurity inherited from the Russian past, is required by compelling internal necessity as a justification for the burdensome character of the Soviet police state and derives its authority from the doctrine of Marx and Lenin.

4. On the basis of this concept of ultimate inevitable conflict, it is the fundamental policy of the Soviet Union:

a. To build up the power of the Soviet state; to assure its internal stability through the isolation of its citizens from foreign influences and through the maintenance of strict police controls; to maintain armed forces stronger than those of any potential combination of foreign powers; and to develop as rapidly as possible a powerful and self-sufficient economy.

b. To seize every opportunity to expand the area of direct or indirect Soviet control in order to provide additional protection for the vital areas of the Soviet Union.

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* In this context socialism (as distinguished from communism) is considered as antagonistic as capitalism.

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15. (*Continued*)

c. To prevent any combination of foreign powers potentially inimical to the Soviet Union by insistence upon Soviet participation, with veto power, in any international section affecting Soviet interests, by discouraging through intimidation the formation of regional blocs exclusive of the U.S.S.R., and by exploiting every opportunity to foment diversionary antagonisms among foreign powers.

d. To undermine the unity and strength of particular foreign states by discrediting their leadership, fomenting domestic discord, promoting domestic agitations conducive to a reduction of their military and economic strength and to the adoption of foreign policies favorable to Soviet purposes, and inciting colonial unrest.

5. Although these general policies are premised upon a conviction of latent and inevitable conflict between the U.S.S.R. and the capitalist world, they also assume a postponement of overt conflict for an indefinite period. The doctrine of Marx and Lenin does not forbid, but rather encourages, expedient compromise or collaboration with infidels for the accomplishment of ultimate Communist purposes. The Soviet Union has followed such a course in the past and has need to do so still, for time is required both to build up its own strength and to weaken and divide its assumed antagonists. In such postponement, time is calculably on the side of the Soviet Union, since natural population growth and projected economic development should result in a gradual increase in its relative strength. It is manifestly in the Soviet interest to avoid an overt test of strength at least until, by this process, the Soviet Union has become more powerful than any possible combination of opponents. No date can be set for the fulfillment of that condition. The Soviet Union must therefore seek to avoid a major open conflict for an indefinite period.

6. The basis of Soviet foreign policy is consequently a synthesis between anticipation of and preparation for an ultimate inevitable conflict on the one hand and need for the indefinite postponement of such a conflict on the other. In any matter conceived to be essential to the present security of the Soviet Union, including the Soviet veto power in international councils, Soviet policy will prove adamant. In other matters Soviet policy will prove grasping, but opportunistic and flexible in proportion to the degree and nature of the resistance encountered, it being conceived more important to avoid provoking a hostile combination of major powers than to score an immediate, but limited, gain. But in any case in which the Soviet Union is forced to yield on this account, as in Iran, it may be expected to persist in pursuit of the same end by subtler means.

SOVIET POLICY WITH RESPECT TO EASTERN EUROPE

7. It is apparent that the Soviet Union regards effective control of Europe east of the Baltic and Adriatic Seas and of the general line Stettin-Trieste as essential to its present security. Consequently it will tolerate no rival influence in that region and will insist on the maintenance there of "friendly" governments - that is, governments realistically disposed to accept the fact of exclusive Soviet domination. That condition being met, the U.S.S.R. does not insist upon a uniform pattern of political and economic organization,

15. *(Continued)*

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but adjusts its policy in accordance with the local situation. The immediate Soviet objective is effective control, although the ultimate objective may well be universal sovietization.

8. In some cases no Soviet coercion is required to accomplish the desired end. In Yugoslavia and Albania the Soviet Union finds genuinely sympathetic governments themselves well able to cope with the local opposition. In Czechoslovakia also, although the government is democratic rather than authoritarian in pattern, no interference is required, since the Communists and related parties constitute a majority and the non-Communist leaders are "friendly." Even in Finland the Soviet Union has been able to display moderation, Finnish leaders having become convinced that a "friendly" attitude is essential to the survival of the nation. In these countries the Soviet Union seeks to insure its continued predominance by the creation of strong bonds of economic and military collaboration, but does not have to resort to coercion other than that implicit in the circumstances.

9. In Poland, Rumania, and Bulgaria, however, the Soviet Union encounters stubborn and widespread opposition. The "friendly" governments installed in those countries are notoriously unrepresentative, but the Soviet Union is nevertheless determined to maintain them, since no truly representative government could be considered reliable from the Soviet point of view. In deference to Western objections, elections may eventually be held and some changes in the composition of these governments may be permitted, but only after violent intimidation, thoroughgoing purges, electoral chicanery, and similar measures have insured the "friendly" character of the resulting regime. Continued political control of the countries in question will be reinforced by measures insuring effective Soviet control of their armed forces and their economies.

10. The elected government of Hungary was both representative and willing to be "friendly," but the Soviet Union has apparently remained unconvinced of its reliability in view of the attitude of the Hungarian people. Accordingly coercion has been applied to render it unrepresentatively subject to Communist control in the same degree and manner as are the governments of Poland, Rumania, and Bulgaria. The end is the same as that of the policy pursued in those countries - the secure establishment of a reliably "friendly" regime, however unrepresentative, coupled with Soviet control of the economic life of the country.

SOVIET POLICY IN AUSTRIA AND GERMANY

11. Soviet policy in Austria is similar to that in Hungary, subject to the limitations of quadripartite occupation. Having accepted an elected Austrian government and unable to reconstruct it at will, the Soviet Union is seeking, by unilateral deportations and sequestrations in its own zone and by demands for similar action in others, to gain, at least, economic domination of the country as a whole and to create, at most, a situation favorable toward a predominant Soviet political influence as well, on the withdrawal of Allied control. The Soviet Union will prevent a final settlement, however, until it is ready to withdraw its troops from Hungary and Rumania as well as Austria.

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15. (*Continued*)

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12. The Soviet Union hitherto has been content to proceed with the consolidation of its position in eastern Germany free of quadripartite interference. Now, rejecting both federalization and the separation of the Ruhr and Rhineland, it appears as the champion of German unification in opposition to the "imperialistic" schemes of the Western powers. A German administration strongly centralized in Berlin would be more susceptible than any other to Soviet pressure, and the most convenient means of extending Soviet influence to the western frontiers of Germany. The initial Soviet objective is presumably such a centralized "anti-Fascist" republic with a coalition government of the eastern European type, but actually under strong Communist influence and bound to the Soviet Union by ties of political and economic dependency.

SOVIET POLICY IN WESTERN EUROPE

13. For a time it appeared that the Communist Party in France might prove able to gain control of that country by democratic political processes and Soviet policy was shaped to support that endeavor. The Communists recent electoral reverses, however, appear to have led the Soviet Union to sacrifice a fading hope of winning France to a livelier prospect of gaining Germany. The French Communists remain a strong political factor nevertheless, and exercise disproportionate influence through their control of organized labor. That influence will be used to shape French policy as may be most suitable for Soviet purposes, and to prepare for an eventual renewal of the attempt to gain control of France by political means. A resort to force is unlikely in view of the danger of provoking a major international conflict.

14. In Italy also the Communist Party is seeking major influence, if not control, by political means, with a resort to force unlikely in present circumstances. The Party and the Soviet Union have played their cards well to divert Italian resentment at the proposed peace terms from themselves toward the Western Powers.

15. The Soviet Union misses no opportunity to raise the Spanish issue as a means of embarrassing and dividing the Western Powers. Any change in Spain might afford it an opportunity for penetration. Even its goading of the Western Powers into expressions of distaste for Franco appear to have afforded it an opportunity to approach him.

16. For the rest, the Soviet Union is concerned to prevent the formation of a Western Bloc, including France and the Low Countries, or a Scandinavian Bloc, in accordance with its general policy. As opportunity offers, it will seek to facilitate the growth of Communist influence in Scandinavia and the Low Countries, but not at the sacrifice of more important interests or at the risk of provoking a strong reaction.

SOVIET POLICY IN THE MIDDLE EAST

17. The Middle East offers a tempting field for Soviet expansion because of its proximity to the Soviet Union and remoteness from other major powers, the weakness and instability of indigenous governments (except Turkey, and the

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15. (*Continued*)

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many local antagonisms and minority discontents. It is, moreover, an area of Soviet strategic interest even greater than that of eastern Europe, in view of the general shift of Soviet industry away from the European Frontier, but still within range of air attack from the south, and of the vital importance of Baku oil in the Soviet economy. It is in the Middle East, however, that Soviet interest comes into collision with the established interest of Great Britain and that there is consequently the greatest danger of precipitating a major conflict. Soviet policy in the area must therefore be pursued with due caution and flexibility.

18. Given the opportunity, the Soviet Union might be expected to seek the following objectives:

a. At least the withdrawal of British troops from Greece, and at most the incorporation of that country in the Soviet sphere through the establishment of a "friendly" government.

b. At least the political and military isolation of Turkey and the imposition of a new regime of the Straits more favorable to Soviet interests; at most the incorporation of that country in the Soviet sphere through the establishment there of a "friendly" government.

c. At least implementation of the recent settlement with Iran, which assures the Soviet a continued indirect control in Azerbaijan and an opportunity to develop any oil resources in northern Iran; at most, incorporation of that country in the Soviet sphere through the establishment there of a "friendly" government.

Soviet policy in pursuit of these objectives will be opportunistic, not only in relation to the local situation, but more particularly in relation to the probable reactions of the major powers.

19. Soviet interest in the Arab states is still directed rather toward exploiting them as a means of undermining the British position in the Middle East than as objectives in themselves. Their principal asset, the oil of Iraq and Saudi Arabia, would be economically inaccessible, although its denial to Britain and the United States in the event of war would be of important consequence. But, by fomenting local demands for the withdrawal of British troops, the Soviet Union can hope to deny effective British support to Turkey and Iran. To this end the Soviet Union will exploit anti-British sentiment among the Arabs, and particularly the vexing Palestine issue.

20. The Soviet Union has shown no disposition to intrude into the involved Indian situation, possibly finding it as yet impossible to determine the most advantageous course in that regard. It also shows no present aggressive intentions toward Afghanistan, although the establishment of a "friendly" government there would seem a logical, albeit low priority, objective.

SOVIET POLICY IN THE FAR EAST

21. The basic Soviet objective in China, Korea, and Japan is to prevent their becoming potential bases of attack on the Soviet Far East. This requires

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15. *(Continued)*

that the U.S.S.R. exert with respect to each an influence at least equal to (and preferably greater than) that of any other power. Since in this region Soviet policy encounters that of the United States, it must be pursued with due circumspection.

22. Although the Soviet Union cannot hope to establish a predominant influence over the whole of China, at least for a long time to come, it could accomplish its basic objective through either the formation of a coalition government, with the Chinese Communist Party* as a major participant, or a division of the country, with the Chinese Communist Party in exclusive control of those areas adjacent to the Soviet Union. The U.S.S.R. should logically prefer the former solution as at once involving less danger of a collision with the United States and greater opportunity for the subsequent expansion of Soviet influence throughout China through political penetration by the Communist Party, and the course of its relations with the Chinese Government would seem to confirm that preference. The U.S.S.R., however, would not be willing to sacrifice the actual political and military independence of the Chinese Communists unless assured of their effective participation in the proposed coalition. If, therefore, efforts to establish such a coalition were to fail and unrestricted civil war were to ensue, the Soviet Union would probably support the Chinese Communists in their efforts to consolidate their effective control over Manchuria and North China.

23. In Korea the Soviets have shown that they will consent to the unification of the country only if assured of a "friendly" government. In default of unification on such terms, they are content to consolidate their control in the north and to bide their time, trusting that an eventual American withdrawal will permit them to extend their predominant influence over the whole country.

24. The Soviets have been extremely critical of American administration in Japan, which has afforded them no opportunity to establish the degree of influence they desire. Regardless of the prevailing influence, they probably desire to see Japan politically and militarily impotent. The greater Japan's political disorganization, the greater would be their opportunity to establish an equal and eventually predominant influence there.

SOVIET POLICY ELSEWHERE

25. Soviet policy in other areas will follow the general lines set forth in paragraph 3, seeking to undermine the unity and strength of national states, to foment colonial unrest, to stir up diversionary antagonisms between states,

* Despite a widespread impression to the contrary, the Chinese Communists are genuine Communists, differing from other foreign Communist Parties only in a certain local self-sufficiency derived from territorial control and the possession of an army, in consequence of which they exhibit unusual initiative and independence. In all essentials they are an unusually effective instrument of Soviet foreign policy.

15. (*Continued*)

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and to disrupt any system of international cooperation from which the U.S.S.R. is excluded. Activity along these lines is constant, though often inconspicuous. Its importance to the Soviet Union derives not from any prospect of direct gain, but from its effect in enhancing the relative power of the U.S.S.R. by diminishing that of potential antagonists.

26. Because of their position in world affairs, the United States and Great Britain will be the primary targets of such Soviet activities. In addition to domestic agitations, the effort will be made to distract and weaken them by attacks upon their interests in areas of special concern to them. In Latin America, in particular, Soviet and Communist influence will be exerted to the utmost to destroy the influence of the United States and to create antagonisms disruptive to the Pan American system.

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15. (*Continued*)

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ENCLOSURE "B"

SOVIET MILITARY POLICY

1. Soviet military policy derives from that preoccupation with security which is the basis of Soviet foreign policy. (See Enclosure "A", paragraphs 3 and 4a.) On the premise that the peaceful coexistence of Communist and capitalist states is in the long run impossible, and that the U.S.S.R. is in constant peril so long as it remains within a "capitalist encirclement," it is the policy of the Soviet Union to maintain armed forces capable of assuring its security and supporting its foreign policy against any possible combination of foreign powers. The result is an army by far the largest in the world (except the Chinese).

2. Even the populous Soviet Union, however, cannot afford an unlimited diversion of manpower from productive civil pursuits, especially in view of manpower requirements for reconstruction and for the new Five Year Plan. Consequently it has had to adopt a demobilization program which is a compromise between the supposed requirements of security and those of the economy. By September the strength of the armed forces will have been reduced from 12,500,000 to 4,500,000 men."* Further reduction is unlikely.

3. The probable geographical distribution of the total strength indicated will be 1,100,000 in occupied Europe, 650,000 in the Far East, and 2,750,000 in the remainder of the U.S.S.R. The composition will be 3,200,000 (71%) in the ground forces and rear services, 500,000 (11%) in the air forces, 300,000 (7%) in the naval forces, and 500,000 (11%) in the MVD (political security forces). The post-war reorganization includes unification of command in a single Ministry of the Armed Forces having jurisdiction over all forces except the MVD troops, which remain under the Ministry of Internal Affairs.

4. In addition to its own forces, the Soviet Union is assisting and participating in the reconstitution of the armed forces of its satellites in such manner as to insure its effective control of them. While in this its object is primarily political, such forces supplement its own as locally useful auxiliaries.

5. Soviet experience during the war was limited almost exclusively to the employment of large masses of ground troops spearheaded by mobile tank-artillery-infantry teams. Air power was employed chiefly for close ground support. Naval operations were insignificant. The Soviets had only limited experience in amphibious operations, almost none in airborne operations, and none with carrier-based air operations.

6. It appears that for the time being the Soviet Union will continue to rely primarily on large masses of ground troops, but with emphasis on increased mechanization and further development of the tank-artillery-mobile infantry spearhead. The ground support capabilities of the air forces will be maintained.

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* As compared with 562,000 in 1933 and 1,000,000 in 1935.

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15. *(Continued)*

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At the same time, the Soviets may be expected to give increased attention to the strategic employment of air power, in view of demonstrated Anglo-American capabilities in that regard, and to develop both fighter defense and long range bomber forces.

7. Although there have been indications that the eventual development of a high seas fleet (or fleets) is a Soviet intention, its early accomplishment is prohibited by inexperience, lack of shipbuilding capacity, and the higher priority of other undertakings. Even were these hindrances overcome, geography handicaps the Soviet Union as a naval power, since naval forces on its several coasts would be incapable of mutual support. It is, however, within the capabilities of the Soviet Union to develop considerable submarine, light surface, and short-range amphibious forces.

8. The industrial development, which competes with the armed forces for manpower, is, of course, intended to enhance the overall Soviet war potential. Beyond that, intensive effort will be devoted to the development of special weapons, with particular reference to guided missiles and the atomic bomb. Some reports suggest that the Soviets may already have an atomic bomb of sorts, or at least the capability to produce a large atomic explosion. In any case, a maximum effort will be made to produce a practical bomb in quantity at the earliest possible date.

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16. Leahy to General [Hoyt S.] Vandenberg, 12 August 1946
(Photocopy)

~~SECRET~~

August 12, 1946

MEMORANDUM FOR

General Vandenberg:

August 12th Attorney General Clark sent Mr. Tamm of F.B.I. to see me in regard to providing reliefs for the F.B.I. intelligence agents now in Latin America. The Attorney General wishes that the provision of National Intelligence Agents be expedited as much as possible and the President wishes us to comply.

F.B.I. needs its agents for work here within the United States.

Positive objection was expressed to our having sent ex-F.B.I. men to discuss our common problems with F.B.I.

It would appear advantageous for the Director of C.I. himself to make all contacts with Mr. Hoover, and that ex-F.B.I. men now in the C.I. Group should certainly not be used for such contacts.

Granting that there will be a temporary reduction of efficiency by an early relief of F.B.I. agents in Latin America, it is my opinion that the reliefs can be accomplished at a much earlier date than as at present scheduled and that it should be done.

It is certain that we should not employ in the C.I.G. any persons now in F.B.I., and it is my opinion that to avoid offending Mr. Hoover we should not hereafter, without specific approval in each instance by the Authority, employ any persons who at any time separated themselves from F.B.I.

DECLASSIFIED
E.O. 11652, Sec. 3(E) and 5(D) or (E)
Authority NND 760059
By [illegible] NARS, Date 7/6/77

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WILLIAM D. LEAHY

17. Leahy to the President, 21 August 1946 (Photocopy)

~~Top SECRET~~

21 August 1946

From: Admiral Leahy

To: The President

No: White #26

DECLASSIFIED
E.O. 11652, Sec. 3(E) and 5(D) or (E)
Authority NND 760059
By RDM NARS, Date 9/6/77

The National Intelligence Authority today approved the following quoted directive to be issued by the Authority to General Vandenberg. General Groves approves.

Secretaries Patterson and Forrestal consider it very important that the directive be issued without delay. Secretary Acheson stated that your approval should be obtained.

The members of the Authority recommend your approval with an understanding that any action taken by the Authority will be without prejudice to future change that may be desired by the Atomic Energy Committee. I recommend approval.

"Pursuant to the President's letter of 22 January 1946, designating this Authority as responsible for planning, developing, and coordinating all Federal foreign intelligence activities so as to assure the most effective accomplishment of the intelligence mission related to the national security, the following policies and procedures relating to Federal intelligence activities in the field of foreign atomic energy developments and potentialities affecting the national security are announced:

1. The Director of Central Intelligence, subject to the direction and control of this Authority, is hereby authorized and directed to coordinate the collection by agencies subject to coordination by N.I.A. of all intelligence information related to foreign atomic energy developments and potentialities which may affect the national security, and to accomplish the correlation,

17. (*Continued*)

evaluation, and appropriate dissemination within the Government of the resulting intelligence. The Director of Central Intelligence is further authorized to arrange with other intelligence agencies of the Government to utilize their collection facilities in this field.

2. To accomplish the function assigned in paragraph 1, the Secretary of War and the Commanding General of the Manhattan Engineer District have authorized the transfer to the Central Intelligence Group of the personnel and working files of the Foreign Intelligence Branch operated by the Commanding General of the Manhattan Engineer District, effective at the earliest practicable date."

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18. Vandenberg, Memorandum for the President, 24 August 1946 (Photocopy)

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NLT (PSF-Intell.) 2

NATIONAL INTELLIGENCE AUTHORITY
NEW WAR DEPARTMENT BUILDING
21st and VIRGINIA AVENUE N. W.
WASHINGTON, D. C.

24 August 1946.

OFFICE OF THE DIRECTOR
CENTRAL INTELLIGENCE

MEMORANDUM FOR THE PRESIDENT:

During the past two weeks there has been a series of developments which suggest that some consideration should be given to the possibility of near-term Soviet military action.

1. Soviet propaganda against the U.S. and U.K. has reached the highest pitch of violence since Stalin's February speech and follows a line which might be interpreted as preparing the Russian people for Soviet military action.

a. It states that "reactionary monopolistic cliques" and "military adventurers" are now directing U.S. policy toward "world domination" through "atomic" diplomacy. The U.S. has abandoned the Rooseveltian policy which gave hope of collaboration with the U.S.S.R. and the other "freedom-loving people" of the world.

b. It attacks the Anglo-American "bloc" as "dividing the field" throughout the world and gives a detailed account of Anglo-American "imperialistic" actions, including British troop movements to Basra and Palestine and U.S. military operations in China and attempts to secure outlying air bases.

c. Embassy Moscow interprets the attacks outlined in a above as notice to the Communist Party in the U.S.S.R. that there is no longer any hope of friendly relations between the U.S.S.R. and the Western Powers.

d. Tito, in his speech of 21 August on the international situation, raised the issue to a world-wide ideological plane when he stated categorically that there is no question today of two fronts: Western and Eastern. The question today is one of true democracy versus reactionaries throughout the world. In Soviet terminology this obviously means communism versus non-communism.

2. The Soviets have re-opened the Straits issue with a note to Turkey demanding exclusive control by the Black Sea Powers and joint Soviet-Turkish defense of the Straits.

3. Yugoslavia, after sending the U.S. a note protesting the violation of her sovereignty by daily flights over her territory of U.S. transport and military aircraft, has shot down two U.S. aircraft, and defended such action as justified.

DECLASSIFIED
PROJECT NLT 76-15
By NLT-HC, NARS, Date 3-8-79

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18. (*Continued*)

[redacted]

a. U.S. Military Attache Belgrade in commenting upon these incidents stated that while he had not previously believed that Russia and Yugoslavia were ready to fight, he regarded these incidents as indicating that they were willing to risk a "prompt start".

4. Molotov in his speech on the Italian treaty indicated clearly that the Soviets intended to exclude the Western Powers from Danubian trade and stated that if Italy respected the most-favored-nation principle she would lose her freedom to the monopolistic capitalism of the Western Powers.

As opposed to the above indications which suggest the possibility of aggressive Soviet intentions, it may be noted that:

1. We have as yet no information of any change in the Soviet demobilization program. In fact, the latest indications are that it has been slightly accelerated.

2. We have as yet no indications of any unusual troop concentrations, troop movements, or supply build-ups which would normally precede offensive military action.

3. We have had no indications of any warning to Soviet shipping throughout the world.

4. There appears to be no reason, from the purely economic point of view, to alter our previous estimate that because of the ravages of war, the Soviets have vital need for a long period of peace before embarking upon a major war.

5. There are no indications that the Soviets have an operational atom bomb.

In spite of the factors outlined immediately above, the Soviets might conceivably undertake a concerted offensive through Europe and Northern Asia on one or a combination of the following assumptions:

1. That a foreign war was necessary to maintain the present leadership in power, in the face of serious internal discontent.

a. There have been indications of discontent in the Ukraine and in the Murmansk and other areas. There have been a number of purges. The Soviet press, in appeals to the people for improvement, has revealed internal difficulties in many fields. The recent inauguration of a wide program of Marxist reindoctrination suggests a breakdown in discipline. However, we have no real basis for evaluating the extent and seriousness of such discontent or its potentialities for effective resistance to the present regime.

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18. (*Continued*)

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b. Although the people of the USSR are tired of war and industrial production is down, the "Party" is probably still sufficiently powerful to secure, through propaganda, acceptance of further war.

2. That in view of the strength of the Soviet forces in Northern Asia and in Europe (as opposed to Allied forces) a sudden offensive might secure these areas without much difficulty, and place the USSR in an impregnable economic and political position.

3. That the U.S. was war-weary and would not hold out against a fait accompli in 2 above.

4. That a combination of militaristic marshals and ideologists might establish ascendancy over Stalin and the Politburo and decide upon a war of conquest.

a. Evidence to date, however, indicates that the "Party" dominates the military.

In weighing the various elements in this complex situation the most plausible conclusion would appear to be that, until there is some specific evidence that the Soviets are making the necessary military preparations and dispositions for offensive operations, the recent disturbing developments can be interpreted as constituting no more than an intensive war of nerves. The purpose may be to test U.S. determination to support its objectives at the peace conference and to sustain its commitments in European affairs. It may also be designed equally for internal consumption: to hold together a cracking economic and ideological structure by building up an atmosphere of international crisis. However, with the Soviet diplomatic offensive showing signs of bogging down, the possibility of direct Soviet military action or irresponsible action by Soviet satellites can not be disregarded.

Hoyt S. Vandenberg

HOYT S. VANDENBERG
Lieutenant General, USA

[redacted]

19. Ludwell L. Montague, Memorandum for General Vandenberg, "Procurement of Key Personnel for ORE," 24 September 1946 (Typed transcript)

Transcribed 15 July 1952
by mawh for al

"Souvenirs of JIC-CIG"
IV/43(1)

~~CONFIDENTIAL~~

24 September 1946

MEMORANDUM FOR GENERAL VANDENBERG

Subject: Procurement of Key Personnel for ORE

1. From the beginning the crucial problem in the development of an organization capable of producing high-level "strategic and national policy intelligence" has been the procurement of key personnel qualified by aptitude and experience to anticipate intelligence needs, to exercise critical judgment regarding the material at hand, and to discern emergent trends. Such persons are rare indeed and hard to come by, the recruitment of them is necessarily slow, but their procurement is essential to the accomplishment of our mission.

2. When CIG was set up the largest and strongest intelligence organization in Washington was the Military Intelligence Service. If, in the course of demobilization, we had had its full cooperation in recruitment, we might now be in a far better position to produce the sort of intelligence desired. We have, indeed, received from G-2 a considerable number of low-grade personnel which it was compelled to cull out through reductions in strength, but, in disappointing contrast to the attitudes of State and Navy, we have had no assistance and some obstruction from G-2 in the procurement of key personnel. In consequence the Intelligence Division, WDGS, which had most to contribute to ORE in this respect, has made the least contribution of any agency, and we have been compelled to use not-so-well qualified Naval officers in positions which could have been appropriately filled from G-2.

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Date 1 DEC 1990
HRP 90-2

3. We have made repeated attempts to secure the cooperation of G-2 in this matter, without success. We have been unable to obtain either nominations on general requisition or the assignment of specified individuals. Two cases illustrate the attitude we have encountered.

a. We sought the assignment of Dr. Robert H. McDowell, reputedly the outstanding intelligence specialist on the Middle East, to Ore, where his capabilities would be available to the common benefit of the three Departments. After long evasion and, we understood, an eventual agreement to release him, G-2 refused to do so on the ground

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19. *(Continued)*

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that he was too valuable to be spared. If every Department took that attitude, ORE could never be properly staffed. State and Navy have released at least some individuals whom they considered their best.

b. We sought the assignment of Lt. Col. David S. Crist, who was on duty, not in G-2, but in ACC Rumania. His reassignment, however, had to be arranged through G-2, which, on learning of his availability, grabbed him for itself. The G-2 attitude was that as long as he remained in the Army he must serve (against his will) in G-2. He could come to CIG only by exercising his option, as a Category IV officer, to leave the service. But when Crist actually reached Washington he was warned in G-2 that he had better not sign up with CIG, even as a civilian.

4. As long as this attitude persists CIG will not only be handicapped in recruiting properly qualified key personnel for ORE, but the Intelligence Division of the War Department General Staff will never be properly represented in ORE, to its disadvantage as well as our own.

LUDWELL L. MONTAGUE
Acting Deputy Asst. Director
Research and Evaluation

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20. Vandenberg, Memorandum for the Assistant Director for Special Operations [Donald Galloway], "Functions of the Office of Special Operations," 25 October 1946 (Signed draft)

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HISTORICAL DOCUMENT
This document is of historical interest. Destroy only with the consultation of the Historical Staff.
Name: [illegible]
Date: 19 March 1965

MEMORANDUM FOR THE ASSISTANT DIRECTOR FOR SPECIAL OPERATIONS

SUBJECT: Functions of the Office of Special Operations

1. The Office of Special Operations will function in accordance with the following policies:

a. The mission of the Office of Special Operations is the conduct, under the direct supervision of the Director, of all organized Federal espionage and counterespionage operations outside the United States and its possessions for the collection of foreign intelligence information required for the national security. Such espionage and counterespionage operations may involve semi-overt and semi-covert activities for the full performance of the mission.

b. The Assistant Director for Special Operations will be directly responsible to the Director of Central Intelligence for carrying out the missions assigned him, for the security of operational material and methods and for the collection of secret foreign intelligence information required by the Office of Collection and Dissemination and other user departments and agencies.

c. The Office of Special Operations will coordinate its field collection activities with other agencies of the Central Intelligence Group charged with comparable functions.

d. All intelligence information collected by the Office of Special Operations will be put in usable form, graded as to source and reliability, and delivered as spot information to the Office of Research and Evaluation or to other departments and agencies when ~~directly requested~~ appropriate. The Office of Special Operations will carry out no research and evaluation functions other than those

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20. (*Continued*)

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pertaining to counterespionage intelligence and to the grading of source and reliability.

e. In order to provide a basis for grading future intelligence information to be collected by the Office of Special Operations the information collected will be carefully screened by the Office of Research and Evaluation. The latter office will render a periodic report indicating the intelligence value of information obtained in each area of operations.

f. Ordinarily requests for specific information will come from the State, War, Navy and other departments and agencies through the Office of Collection and Dissemination, where it will be determined that the Office of Special Operations is the proper agency to collect the desired information. However, the Office of Special Operations is authorized to receive directly from user departments or agencies requests for a specific action or the collection of specific information when such requests are clearly within the sphere of activity of the Office of Special Operations and the particular type of desired information (or action) make such direct contact necessary for security reasons. Such direct contact will be made through the Office of Control, Special Operations, and corresponding offices in the various departments and agencies. The Office of Special Operations will maintain direct liaison with departments and agencies of the Federal Government on secret operational matters, knowledge of which must be restricted to the minimum number of persons.

g. The Office of Special Operations will be responsible for the collection, processing, and distribution of foreign counterespionage intelligence information and will be the repository for such information. Intelligence derived from the processing of foreign counterespionage intelligence information will be made available to the Office of Research and Evaluation.

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20. (*Continued*)

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2. Major support services for the Office of Special Operations will be provided by the Special Projects Division, Personnel and Administrative Branch of the Executive Staff, Central Intelligence Group, under the operational direction of the Assistant Director for Special Operations.

3. In carrying out the policies stated above operational security requirements will be strictly observed by all concerned.

Hoyt S. Vandenberg
HOYT S. VANDENBERG
Lieutenant General, USA
Director of Central Intelligence

CONCUR:
Assistant Director for Special Operations: [signature]

Chief, ICAPS : [signature]

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21. CIG Intelligence Report, 16 December 1946 (Ditto copy)

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CENTRAL INTELLIGENCE GROUP

INTELLIGENCE REPORT

COUNTRY Germany/Russian Zone

SUBJECT Expected Result of the Land Reform

ORIGIN Germany

DATE:

INFO. 22 October 1946

DIST. 16 December 1946

PAGES 1

SUPPLEMENT

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This document is hereby regraded to CONFIDENTIAL in accordance with the authority of the Director of Central Intelligence, dated 10 March 1947, subject to the approval of the Secretary of State and the Secretary of Defense.

Next Review Date: 2008

EVALUATION OF SOURCE

A	B	C	D	E	F	G	H	I	J	K
COMPLETELY RELIABLE	USUALLY RELIABLE	FAIRLY RELIABLE	NOT USUALLY RELIABLE	[illegible]	[illegible]	[illegible]	[illegible]	PROBABLY TRUE	POSSIBLY TRUE	PROBABLY FALSE	CANNOT BE JUDGED

EVALUATION OF CONTENT

DISTRIBUTION

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STATE	WAR	NAVY	JUSTICE	R & E	G & D	ATR					

SOURCE

The following report follows a discussion of the land reform by a German engineer and a Russian colonel:

The Russian conceded that the land reform had shown no results and that agricultural production had sunk very greatly but stated that the creation of small farms was not the goal of the Russians. Rather, their aim was to institute a system of collective farming, which was expected to follow the breakdown of the small farms (an unavoidable consequence of the great shortage of agricultural implements). The plans for collective farming have already been made and are expected to be carried out after the end of the next harvest. Asked whether conversion to collective farming would not create a problem by freeing a large number of agricultural workers because of the greater use of machinery, the Russian answered that other possibilities would be found, since Russia is always in need of manpower.

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DDA Memo, 4 Apr 77
Auth: DDA REG. 77/1763
Date: 30 03 78 By: 025

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22. Donald Edgar, Memorandum for the Executive to the Director [Edwin K. Wright], "An Adequacy Survey of 'The Adequacy Survey of the CIG Daily and Weekly Summaries' as it was Prepared by OCD on 9 December 1946," 2 January 1947

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2 January 1947

MEMORANDUM FOR THE EXECUTIVE TO THE DIRECTOR:

Subject: An Adequacy Survey of the "The Adequacy Survey of the CIG Daily and Weekly Summaries" as it was Prepared by OCD on 9 December 1946.

1. A reading of the OCD document shows:

a. The daily was variously criticised for the selections, the fullness of detail, the lack of proper identification of persons mentioned, the lack of high-lighting, etc.

b. The weekly was variously criticised for the selections, its overlong items, lack of synopses, etc.

c. The CIG Special Reports were unanimously complimented. Despite a and b, the general tenor of the paper is that the situation is good.

2. The Aide to Admiral Leahy makes a very significant comment: "It appears that the concept of the summaries has changed somewhat since their beginning. Originally they were intended primarily to keep the President informed and secondarily for the information of the Secretaries of State, War and Navy. Now, in view of the dissemination given to the summaries, it seems they are designed as much for the information of planners as for the President."

3. I believe that what all those persons interviewed, or almost all, are trying to say, without in some instances knowing it themselves, is that CIG is making an unsuccessful attempt to meet with one series of intelligence papers the intelligence requirements of officials, ranking from the President of the United States of America down to minor officers on pertinent area desks in State, G-2, ONI, and A-2.

4. The art of writing to meet most successfully the requirements of a specific individual is exacting and demands an intimate knowledge of that person's reading habits, his interests, intellectual capacity and background, his activity in the field related to the manuscript, and his need for (1) operational data, and (2) informational or collateral data.

5. Obviously, it is impossible even for the competent drafters in CRE to meet these demands in one paper destined to so diversified a subscriber list.

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22. (*Continued*)

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6. In his capacity as G-2 to the President, the Director of Central Intelligence should present current intelligence in a form to meet the President's personal requirements. It should be so succint and vital that it is automatically and without hesitation placed before the President by his Aides as delivered by CIG. To insure this it must not be overwritten: only those abbreviations should be used which he will recognise instantly; only those proper names should be used which he will identify readily. The President cannot be expected to identify an unidentified "Heath" (see No. 236, item 3); or "Irgun Zuai Leumi responsibility" (see No. 237, item 5); or "ITO and PICAO" (see No. 238, item 4); or "Manuilsky" (see No. 239, item 4). (These are from the first four dailies I picked up.) Only when he is personally handling a subject should more than trends be reported. The exceptions, of course, are "fire alarm developments."

7. The President's own intelligence paper cannot be underwritten. The President's time for the reading of intelligence is too limited to expect him to wade through even one of the items of the several in any given weekly paper unless it is presented to him in the "must category" by the DCI. Presented in the present manner is, in my opinion, a guarantee that he will read none.

8. The same considerations are present in drafting intelligence for NIA members, IAB members, and all down the line. In the field of personal briefing sauce for the goose is not sauce for the gander. In fact, no epicure ever agreed to the adage even in the culinary field.

9. CIG, to justify its existence, must establish a reputation of doing outstanding work in at least one intelligence field. That field has been indicated by the NIA as the supplying of strategic and national policy intelligence to the President and the NIA members.

10. CIG should prepare a daily statement of current intelligence for the President, written for the President and for the President alone. It should contain the foreign intelligence he should have to meet his responsibilities as President of the United States of America. It should be written in a form to make it distinctly the President's and it should vary as the President's interests and activities vary. A careful analysis of the official and press reports of the White House and State Department press conferences will give good guidance for determining these interests and activities. If the President is personally active, such as he was in the Palestine problem, the daily summary should be heavily weighted in that subject and in all subjects bearing thereon. If there is a known disagreement between Cabinet officers and/or high ranking officers on a subject which may eventually require presidential solution, material related thereto should be included. Needless to say in these cases the greatest objectivity is vital.

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11. Nothing should be included which cannot be classified as "must reading" for the President personally.

12. It should always be remembered that any policy paper being submitted by one of the departments for presidential consideration is fully supported by written arguments setting forth the originating department's reasons for recommending the proposed action. CIG intelligence reports should, therefore, be designed, not to duplicate nor overlap this type of material, but to supply the President in advance with the broadest background so that he will not feel that he is approaching an unknown problem. To accomplish this, great selectivity is necessary. Great selectivity is dangerous, but the danger must be run.

13. In addition to his responsibilities to the President, the DCI has a responsibility to the Secretaries of State, War and Navy. In fulfilling this responsibility he should insure that all intelligence affecting the operations or development of policies by those Cabinent members is made available to them whether it comes from State, War or Navy sources or not. The same exacting standard of presentation, i.e., direct writing without overwriting and without underwriting should obtain at this the Cabinent level. And it is possible that eventually a special service for the directors of intelligence of the four agencies should also be developed. In addition, the directors should receive for their information what their Secretaries have received and the Secretaries should receive for their information what the President has received.

14. In view of the recently expressed determination by the War and Navy Departments that they must be free to develop their own evaluations in the production of their departmental or staff intelligence, CIG should insure the receipt by War and Navy of correlated intelligence information to facilitate their work. I believe that CIG could best serve in this field by discontinuing its present weekly paper which serves all men and therefore none, and substituting for it a weekly paper which is a correlation and summation of developments of the past week with a minimum of interpretation: a weekly history.

15. This might well be supplemented by periodic revision of situation reports on the various strategic areas of the world. If these were reviewed, corrected and brought up to date periodically, possibly monthly, and were supplied for reference purposes to the pertinent agencies a long felt need would be met. They could be as full as the requirements of the several agencies might indicate and would probably vary as the strategic importance of areas varied. This series might include situation reports on specialized subjects as well as areas. To develop some sort of production program in CIG which might overcome the complaints of the working levels there, each branch might be required to produce a situation report on its area or subject each month in the expectation that such reports would be read regularly only by specialists in the

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several departments but that they would be available to the higher levels for ready reference as and when required either to check against departmental intelligence or to supplant it. Special supplements should, of course, be written as required.

16. The above, in my opinion, covers the fields of current intelligence and what might be described as national policy intelligence, the former perhaps being also one form of national policy intelligence.

17. To complete its mission, CIG should maintain up-to-date fact books on all strategic areas of the world. A proposed program in this field (the development of national intelligence digests) has been discussed by the IAB and need not be treated in detail here. Our internal problem in meeting what will apparently be our responsibility is the development of an administrative program of approach which might be as follows step by step:

a. The development of an outline which will insure the meeting of the requirements of the several agencies.

b. The collection of all basic intelligence handbooks whether prepared by the American Government, by the British, the Germans, the Japs, or others.

c. The breaking down of these extant handbooks and the reallocation of the material thus obtained to the American outline.

d. The determination of those sections of the outline which are not thus fleshed out and the preparation of collection requests to fill these blanks.

e. A constant review of newly acquired intelligence information to determine whether the handbook material should be revised, corrected,or brought up-to-date. This is a continuing process and no handbook should be considered as a finished product. Therefore, handbooks should have a loose leaf design permitting easy revision of small sections. This design also permits the easy creation and distribution of small operational handbooks on special subjects merely by assembling selected pages.

f. Upon determination by CIG of the need for revision, agreement should be reached with the pertinent agency as to whether revision will be made by CIG or by the agency.

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18. If properly selected personnel is available to do the above three primary tasks, i.e., (1) current intelligence; (2) situation reports, and; (3) basic intelligence, they should be sufficiently conversant with their specialized fields to be available for such specialized oral briefings as might be required from time to time for any and all purposes.

Donald Edgar's

DONALD EDGAR
~~Chief, Interdepartmental~~
~~Coordinating and Planning Staff~~

personal comment

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23. CIG, Office of Reports and Estimates, ORE 1/1, "Revised Soviet Tactics in International Affairs," 6 January 1947

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CENTRAL INTELLIGENCE GROUP

REVISED SOVIET TACTICS IN INTERNATIONAL AFFAIRS

ORE 1/1

6 January 1947

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DDA Memo, Apr 77

Auth: DDA Memo 77/1763

Date: 10/28/78 By: 023

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Date 21 Jul 92

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CENTRAL INTELLIGENCE GROUP

REVISED SOVIET TACTICS IN INTERNATIONAL AFFAIRS

Indications of a Change in Soviet Tactics

1. The USSR has apparently decided that for the time being more subtle tactics should be employed in implementing its basic foreign and military policy (see ORE 1, dated 23 July 1946). Recent developments indicating this decision include:

a. Soviet concessions on the Trieste issue.

b. Soviet acceptance of the principle of free navigation on the Danube.

c. Soviet agreement in principle to international inspection of armaments and to eliminate the veto in the work of the contemplated atomic and disarmament commissions.

d. Indications of substantial reductions in Soviet occupation forces.

e. Failure of the USSR to render effective support to Azerbaijan.

f. Agreement of the Security Council to investigate responsibility for disorders on the Greek frontier.

g. Relaxation from former extreme position of interpreting abstention as a veto to meaning not an expression of a veto.

h. Agreement to have Foreign Ministers' Deputies meet in London before the forthcoming Moscow Conference to draw up draft treaty for Austria and Germany.

Considerations Conducive Toward a Change in Tactics

2. There are a number of considerations, both international and domestic, which appear to have convinced the Kremlin of the desirability of a temporary change of course.

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23. (*Continued*)

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3. International considerations in estimated order of importance include:

a. The firm policy of the Western Powers, especially the US; the realization that a further expansion of Soviet control in Europe cannot be accomplished by force without risk of war; and the desire to placate the US and the UK in order to encourage a relaxation of Western vigilance, to strengthen the hand of Western advocates of a conciliatory policy toward the USSR, and to obtain economic aid from the West for sorely needed rehabilitation.

b. The benefits to the USSR from a reduction in its occupation forces. With effective control over Soviet-dominated areas in Europe established to the maximum extent possible at present, the USSR can afford to reduce its present excessive occupation forces, especially in view of the increased mechanization of the remaining troops. A reduction in occupation forces would have the following benefits:

(1) Release of additional manpower sorely needed for the Soviet internal economy.

(2) Reduction of antagonism throughout the world.

(3) Alleviation of a major cause of popular hostility toward the Communist Parties in occupied areas where local elements have been disillusioned and alienated by ruthless Soviet reparations policies, the conduct of Soviet troops and the burden of subsisting these troops.

(4) A basis for attempting to induce further reductions of occupation forces by the Western Powers. The USSR will undoubtedly use any drastic reduction in its occupation forces to support a campaign of diplomacy and propaganda to secure further reductions in the occupation forces of the Western Powers. Proportionate reductions by all of the Allied Powers would have the net effect of strengthening the Soviet Union's relative position on the Continent. Once the occupation forces of the US and the UK have been reduced, there is small chance that they could be readily increased again. The USSR, on the other hand, is in a position to move troops into and out of the areas under its control with relative ease and secrecy. It is likewise in a position to conceal the presence of its troops abroad by infiltrating them into satellite armies and police forces, and by settling them as "civilians" in occupied areas, ready for mobilization on short notice.

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c. The USSR's need of support at international gatherings from the smaller nations outside the Soviet bloc which have recently been aligning themselves with Anglo-American positions in opposition to arbitrary Soviet tactics.

d. Net advantages to the USSR of general disarmament among the major powers. The realization of a general disarmament program would result in a decided relative advantage to the Soviet Union. Whereas the Western Powers derive their military strength from extensive navies, strategic air forces and intricate modern weapons, that of the USSR is still essentially based on mass land armies. Once reduced, therefore, the war potential of the West would require years to restore, while that of the USSR would be substantially restored merely by the re-mobilizing of manpower.

4. Domestic factors which would have equal weight in producing a temporary change in Soviet tactics are:

a. Internal economic conditions. The condition of Soviet agriculture is undoubtedly serious, with critical shortages in some vital foods, while certain basic industries are failing to meet the quotas prescribed by the Fourth Five-Year Plan. As a result, the Kremlin may have been forced to revise its estimate of the proportions of the national economy which could be diverted to military purposes, because the immediate needs of the USSR, particularly the devastated areas, have exceeded what it was reasonable to plan for industry to produce.

b. Civilian morale. There are increasing signs of apathy, and even unrest, among the Soviet populace. Shortages in food, housing, and consumer goods have created widespread dissatisfaction. The vigorous campaign of "ideological cleansing" indicates the concern with which the Kremlin views the situation.

c. Morale among former occupation troops. The occupation has furnished a large number of Soviet citizens with their first opportunity to view the outside world. The "bourgeois fleshpots" of Germany, Austria, and the Balkans have produced disillusionment, a reluctance to return to the USSR, and a substantial number of desertions.* Demobilized occupation troops are spreading the infection throughout the USSR, which is probably an important element in current domestic dissatisfaction. The large-scale

* The Department of State considers this sentence too strong because it implies that these conditions are rather prevalent. C.I.G. and the War and Navy Departments, however, consider that these conditions are indeed prevalent.

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23. (*Continued*)

occupation has thus constituted a breach in the barriers which guard the Soviet people from foreign ideology and information, and which are so essential to the maintenance of the Kremlin's control.

Probable Future Tactics

5. In view of the foregoing considerations, Soviet leaders must have decided upon a temporary breathing space for the purpose of economic and ideological rehabilitation at home and the consolidation of positions abroad. We believe, however, that the Kremlin has not abandoned any of its long-range objectives described in ORE 1, but that these objectives will now be pursued where expedient by methods more subtle than those of recent months. Such methods will include:

a. Continued efforts to gain political and economic control of Germany, Austria, Hungary, Czechoslovakia, and Korea, by certain characteristically Soviet techniques, which would not necessitate the presence of large Soviet military forces. Such techniques consist of the "popular front", or coalition, political strategy, under which relatively weak Communist parties merge with and gain control of leftist and liberal organizations; infiltration, by Moscow agents or local Communists, into key government positions, especially police, judicial, military, propaganda, and educational agencies; the "liquidation" by local Communist parties of all native elements which might be expected to oppose the Soviet program; and the stripping or expropriation of key industrial plants and the establishment of elaborate cartel systems, giving the USSR control of vital industry.

b. Intensification of militant Communist activity in European areas outside of the present Soviet sphere, aimed at producing Communist or Communist-controlled governments by legal or revolutionary means in such countries as France, Italy, Spain, and Greece.

c. Political and economic penetration in the Middle East, Far East, and Latin America.

d. Elaborate campaigns of propaganda and diplomacy designed to convince the world of the USSR's peaceful intentions, and to promote disarmament and pacifism abroad.

e. An intensive long-range program to develop the war potential of the USSR, concentrating especially on the expansion of basic industries, on the secret development of new weapons, on the acquisition of information on secret military developments in other countries, and on reducing the vulnerability of Soviet industry to attack by atom bombs, rockets, etc.

f. Promotion of discord and unrest in the capitalist countries, especially by seizing any opportunities offered by periodic economic crises and unemployment, which the Soviets confidently predict for the near future.

Conclusions

6. Recent developments have confirmed previous estimates that the USSR did not intend and was not in a position to engage in immediate military conquests. Its ultimate action will depend upon future developments in the Soviet Union and in the outside world. Meanwhile, the USSR is seeking to consolidate its positions abroad and to improve its economic and psychological position at home, while encouraging disarmament and pacifism in the rest of the world.

7. Soviet tactics, however, will remain flexible and opportunistic. The Kremlin has never relied exclusively on any single line of action. Rather, its tactics are based on the inter-play of two apparently conflicting courses, international collaboration and unilateral aggression, and on its ability suddenly to shift from one to the other. This technique seeks to achieve maximum surprise for each new move, and to promote such confusion and uncertainty among the opposition as to prevent the development of any long-range counter-strategy. Thus, in view of the considerations described in the preceding pages, new tactics of compromise and conciliation have been adopted merely as a matter of expediency. They will be employed only in those situations where they are deemed to further Soviet foreign and military policy as described in ORE 1.

24. Walter L. Pforzheimer, Memorandum for the Record, "Proposed Legislation for C.I.G.," 28 January 1947 (Typed transcript)

Transcribed 23 July 1952 by mawh for [illegible]. file CIG: Proposed Legislation for MERGER BILL (National Security Act of 1947)

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23 January 1947
Cited in Darling V/12(2)
(~~Copy under CIA: Proposed Legislation~~)

MEMORANDUM FOR THE RECORD

Subject: Proposed Legislation for C.I.G.

Sometime shortly after 1600 hours on 22 January 1947, a copy of the proposed National Defense Act of 1947 was delivered to the Director of Central Intelligence for comment on those sections applicable to him. Immediate review of the intelligence sections indicated that they had been lifted virtually verbatim from S-2044, the Merger Bill introduced into the 79th Congress by Senator Thomas. These provisions are considered unsatisfactory to C.I.G. in many respects. The salient features of disagreement are included in the Memorandum from the undersigned to the Director of Central Intelligence, dated 23 January 1947, subject: Proposed Bill for National Defense Act of 1947.

A conference with the Director established the policy that an attempt should not be made to remove from the Defense Act all but a bare mention of the Central Intelligence Agency, and introduce a separate CIG Bill. The Director also indicated his desire to have included a provision that he would serve as the advisor to the Council on National Defense on matters pertaining to intelligence, and that in this capacity he would attend all meetings of the Council. It was agreed that the Director should take no part in the decisions of the Council as this was a policy making body, and it had long been agreed that Central Intelligence should not be involved in policy making.

At 1000 hours, 23 January 1947, a conference was held in the office of Mr. Charles S. Murphy, Administrative Assistant to the President, at which General Vandenberg, Vice Admiral Forrest Sherman, Major General Lauris Norstad, the undersigned, and Mr. Houston were present. Mr. Murphy stated that the subject was new to him, as he had first entered the picture on 20 January 1947 and was charged with the over-all drafting of the White House version of the National Defense Act. He stated that he did not know that a proposed CIG enabling Act had been submitted to Mr. Clifford's office. He suggested (concurred in by all present) that the draft of the proposed CIG enabling act be substituted for the intelligence sections of the proposed National Defense Act as an initial working basis.

In connection with paragraph 1 (a) of the memorandum for the Director from the undersigned, dated 23 January 1947, it was pointed out that no mention of a CIA had been made in the title of the proposed bill. This was due to the fact that a considerable number of boards and councils were created by this bill and none of them were being named in the title. Therefore, it would not seem appropriate to mention CIA in the title. In this General Vandenberg concurred.

This document has been approved for release through the HISTORICAL REVIEW PROGRAM of the Central Intelligence Agency.

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In connection with paragraph 1 (b) of reference memorandum, it was agreed to make some mention of centralized intelligence in the declaration of policy in the proposed bill. This suggestion had strong support from Admiral Sherman, although it was initially thought by the others present that it might prove cumbersome.

In connection with paragraph 1 (c) of reference memorandum, it was felt that this suggestion was non-controversial and that the appropriate definitions would be acceptable.

In connection with paragraph 1 (d) of reference memorandum, General Vandenberg stated that he was strongly opposed to the Central Intelligence Agency or its director participating in policy decisions on any matter. However, he felt that he should be present at meetings of the Council. To this General Norstad voiced serious exceptions, as he felt that the Council was already too big. He thought that the Director should not even be present as an observer, as this had proven to be cumbersome and unworkable at meetings of the Joint Chiefs of Staff. Admiral Sherman suggested, however, that the Director should normally be present at meetings of the Council, in its discretion. General Vandenberg concurred in this, as did General Norstad, and it was accepted with the additional proviso that the Joint Chiefs of Staff would also attend meetings at the discretion of the Council.

General Vandenberg indicated the difficulties which he had had in having to go to the N.I.A. on so many problems. He felt that the difficulties of his position would be multiplied, as he would have to ask policy guidance and direction from the Council on National Defense, which consists of many more members than the N.I.A. He was assured that the intent of the act was that the CIA would operate independently and come under the Council only on such specific measures as the Council may, from time to time desire to direct. It would not be necessary for the agency to ask continual approval from the Council. With this interpretation, General Vandenberg withdrew the opposition voiced in the last sentence of paragraph 1 (e) of reference memorandum.

The Director pointed out the difficulties of operation of clandestine methods in the absence of detailed legislation, empowering him to operate on unvouchered funds, select certain types of personnal, and discharge employees for any question of possible disloyalty. It was agreed that these provisions would be included in the proposed draft from CIG. It was requested further that this draft be submitted by evening of the 23 January 1947, in order to meet necessary deadlines.

It was the final sense of the meeting that the Director of Central Intelligence should report to the Council on National Defense. As General Vandenberg indicated that it would be necessary to report somewhere; that neither the President nor he was anxious to have another agency "free wheeling" around the government. However, it was thought that the agency should have sufficient power to perform its own functions without it being necessary to have specific approval from the Council on each action.

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24. *(Continued)*

~~CONFIDENTIAL~~

The proposed draft of the National Defense Act of 1947 was modified by the undersigned, with the assistance of Mr. Houston, to include the changes discussed at the meeting, and to incorporate the necessary provisions of the proposed CIG enabling act. Copies of the revised act were personally handed to Admiral Sherman and General Norstad by Lt. Botsford shortly after 1700, 23 January 1947. A copy was also handed to Mr. Murphy by the undersigned at 1715. A copy of NIA Directive #5 was shown to Mr. Murphy. It was not left with him, due to the absence of any security in his office. Mr. Murphy suggested the addition of a paragraph providing for the dissolution of NIA and CIG, and the transfer of its personnel, property, and records to the Agency. This was concurred in on 24 January 1947 by the undersigned, after one or two minor changes.

On 25 January, the undersigned talked with Mr. Murphy, and was informed that all but the barest mention of CIA would be omitted, as the drafting committee thought that the material submitted by CIG was too controversial and might hinder the passage of the merger legislation.

It had been felt by the drafting committee that the substantive portions of the proposed CIG draft were too controversial and subject to attack by other agencies. It was further felt that the General Authorities were rather controversial from a Congressional point of view, but that CIG might justify them in their own bill if they had the time to present them adequately. It was further felt that if detailed intelligence legislation was included in the merger bill, CIG might not have time to present their picture to the Congress in detail in the course of the hearings.

The undersigned asked Mr. Murphy whether the elimination of CIA from merger legislation constituted permission to submit our own enabling act as a companion measure. He stated that he could not comment on this, as he was authorized (with his drafting committee) only to draft the merger bill, and could not approve or pass on other matters. Authority to draft and introduce a CIA Enabling Act would have to come from other sources.

The above information was transmitted to the Deputy Director (Colonel Wright), who cabled General Vandenberg of the developments.

Colonel Wright spoke with Admiral Leahy, to request information as to whether Murphy's position granted us a green light on our own legislation. The Admiral was inclined to agree. He felt that we should delete from the draft the phrase "Subject to existing law" (Sec. 302 (b)), as it would only serve to complicate things. We further felt that we should then let the draft go through.

It was determined to request that the position of Deputy Director be included in the draft, the phrase mentioned in the preceding paragraph be deleted, and an attempt made to include a clause which would designate the Director as the Intelligence Advisor to the Council.

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~~CONFIDENTIAL~~

24. (*Continued*)

[redacted]

On 27 January 1947, the undersigned drafted a letter, for the Deputy Director's signature, to Mr. Charles Murphy. This letter set forth the views of the Central Intelligence Group on the draft of the proposed section on central intelligence, submittee by the White House on 25 January 1947. After studying the memorandum of 27 January 1947, Mr. Murphy called the undersigned and requested a concurrance on eliminating paragraph 302 (b) of his draft of 25 January 1947, on the ground that in view of our objections (as expressed in paragraph 2 of our memorandum of 27 January 1947), nothing would be lost by the total elimination of this paragraph. After consultation with Colonel Wright, this concurrance was given by the undersigned. Concurrance was also given to the lowering of the proposed salary for the Deputy Director, as set forth in paragraph 1 of our memorandum of 27 January 1947, from $14,000 per annum to $12,000 per annum, as the $14,000 figure was greatly in excess of the figure received by the Assistant Secretaries of the various departments. In addition, Mr. Murphy agreed to urge strongly a point raised by paragraph 3 of our memorandum of 27 January 1947 designating the Director of Central Intelligence as the Intelligence Advisor of the Council of National Defense (to be renamed the National Security Council) and allowing the Director to sit as a non-voting member thereof.

On 28 January 1947, Mr. Murphy requested the undersigned to come to his office, and there handed him the Third Draft (dated 27 January 1947) of the proposed National Security Act of 1947. Mr. Murphy indicated that most of our requests had not been complied with, and that the Army and Navy had seen fit to overrule his recommendations in that connection. The salary of the Director was lowered from $15,000 to $14,000 on the basis that, in all probability, the incumbent would be a military or naval officer whose salary should not be greatly in excess of that of the Chief of Staff of the Army or Chief of Naval Operations; that the figure had been set on the basis of the same salary being paid to the Director of Military Applications of the Atomic Energy Commission; that the Army-Navy conferees did not want the salary merely a "juicy plum" for some officer for whom a berth was being sought.

The paragraph establishing the position of Deputy Director, which Mr. Murphy had urged, was eliminated as being too controversial, as was the paragraph regarding the position of the Director as the Intelligence Advisor of the Council. The Army-Navy conferees felt that the position of the Director as the Intelligence Advisor was inherent in the position itself, and that it would not be proper to provide by law that the head of an agency under the Council should sit on the Council.

Mr. Murphy stated that his role was simply that of a consultant on drafting in the Army and Navy. He further stated that the Drafting Committee would present their final version to Mr. Clark M. Clifford, Special Counsel to the President, at a meeting on the afternoon of 29 January 1947. He further stated that any comments which we might care to make to the White

[redacted]

24. *(Continued)*

House on the proposed draft would be acceptable to him, and that his feelings would not be hurt.

After examination of the proposed Third Draft by Colonel Wright and the undersigned, it was determined that same was not satisfactory to C.I.G. Therefore, a memorandum was dispatched (under date of 28 January 1947) to Mr. Clifford, setting forth C.I.G.'s comments on the proposed draft.

WALTER L. PFORZHEIMER
Chief, Legislative Liaison Division

25. CIG Intelligence Report, 11 February 1947 (Ditto copy)

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CENTRAL INTELLIGENCE GROUP

INTELLIGENCE REPORT

COUNTRY Palestine

DATE:

SUBJECT Stand of Jewish Agency Regarding Terrorism; Strength of Irgun Zvai Leumi

INFO. 8 February 1947

DIST. 11 February 1947

PAGES

ORIGIN [redacted]

SUPPLEMENT

EVALUATION OF SOURCE

A	B	C	D	E	F	G
COMPLETELY RELIABLE	RELIABLE	FAIRLY RELIABLE	NOT RELIABLE	NOT RELIABLE	CANNOT BE JUDGED	

EVALUATION OF CONTENT

1	2	3	4	5	6
CONFIRMED BY OTHER SOURCES	PROBABLY TRUE	PROBABLY TRUE	POSSIBLY TRUE	PROBABLY FALSE	CANNOT BE JUDGED

DISTRIBUTION

W1	X	X		X*	X	3					
STATE	WAR	NAVY	JUSTICE	R & E	O & D	10					

SOURCE [redacted]

1. It is reported that the Jewish Agency takes the view that the government's ultimatum demanding the Agency's cooperation in suppressing terrorism came at an extremely bad psychological moment, inasmuch as any indication of acquiescence would tend to incite terrorists to action.

2. The Jewish Agency believes that Dov Grumer's execution will result in serious terrorist reprisals, and it appears that the terrorists have indicated that fifty Britishers will pay with their lives for the life of Grumer.

3. The Jewish Agency believes that the only basis on which terrorism can be checked is a reasonably satisfactory solution of the Palestine problem, in which case the Agency feels that cessation of terrorism could be demanded under threat of civil war; the terrorists would probably accede, although under protest.

4. In all circles (police, government, military and Jewish) it is felt that Irgun Zvai Leumi has gained stature, prestige and strength in the last few months, and that it is no longer a gang but a political movement having considerable influence, backing and an increasing following. Newest estimates indicate that it has a strength of 10,000 men.

This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 13 October 1970 from the Director of Central Intelligence to the Archivist of the United States. Next Review Date: 2000

Document No. 009

NO CHANGE in Class. ☐

Class. CHANGED TO: TS S C

Auth: DDA Memo. 4 Apr 77

Date: 8 Apr 77 By: 011

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CLASSIFICATION

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RADIO		FDX		FDY	X	SPOS		B DEP.		[redacted]	X				
CIRC.		FDL		FDZ		SPOT		OPOS							
CONTROL		FDM		FDZ		SPO		OPOS							
FLASH	X	FDP		SPOA		TSS	X								

26. National Intelligence Authority, minutes of the NIA's 9th Meeting, 12 February 1947

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N.I.A. 9th Meeting

6

NATIONAL INTELLIGENCE AUTHORITY

Minutes of Meeting held in Room 214,
Department of State Building,
on Wednesday, 12 February 1947, at 11:00 a.m.

MEMBERS PRESENT

Secretary of State George C. Marshall, in the Chair
Secretary of War Robert P. Patterson
Secretary of the Navy James Forrestal
Fleet Admiral William D. Leahy,
Personal Representative of the President
General Hoyt S. Vandenberg,
Director of Central Intelligence

ALSO PRESENT

Assistant Secretary of War Howard C. Petersen
Mr. William A. Eddy, Special Assistant to the
Secretary of State for Research and Intelligence
Mr. H. Freeman Matthews, Department of State
Captain Robert L. Dennison, USN
Mr. James S. Lay, Jr., Central Intelligence Group

SECRETARIAT

Mr. J. S. Earman, Acting Secretary

Document No. 21
No Change in Class. ☐
☐ Declassified
Class. Changed to: TS (S) C
Next Review Date: ____
Auth.: NIL 70-3
Date: 15/4/90 By: [illegible]

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NIA 9th Meeting - 1 -

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26. *(Continued)*

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COORDINATION OF INTELLIGENCE ACTIVITIES RELATING TO FOREIGN ATOMIC ENERGY DEVELOPMENTS AND POSSIBILITIES
(N.I.A. 6)

SECRETARY PATTERSON gave a brief report on the present status of N.I.A. 6. He stated that the Atomic Energy Commission desired to retain three people to go over information contained in the files to be transferred to the Central Intelligence Group. He said that these three people were to search these files for information pertaining to uranium deposits and such information was to be retained by the Commission. Secretary Patterson suggested that C.I.G. take up the matter of the transfer of the personnel with Mr. Lilienthal.

After some discussion,

THE NATIONAL INTELLIGENCE AUTHORITY:

Agreed to the transfer of the personnel mentioned in N.I.A. 6 and directed the Director of Central Intelligence to work out the details with Mr. Lilienthal.

(Transfer subsequently completed on 18 February 1947)

REPORT BY THE DIRECTOR OF CENTRAL INTELLIGENCE

At Secretary Marshall's request, GENERAL VANDENBERG stated that his last report was rather comprehensive in pointing out the accomplishments of C.I.G. since its inception. However, this time he wished to report some of the difficulties encountered by C.I.G. He said that before taking up these difficulties he wished to point out a few accomplishments recently effected by C.I.G.

GENERAL VANDENBERG said that when it was first agreed that the C.I.G. take over the activities of the Federal Bureau of Investigation in the South American field, there was some doubt as to whether C.I.G. could ably accomplish this assignment. He mentioned that he had received a letter from Ambassador Pauley which commended the smooth transfer of these activities accomplished by the C.I.G. representative attached to his staff. General Vandenberg also mentioned that Mr. Dawson of the State Department had also stated that the

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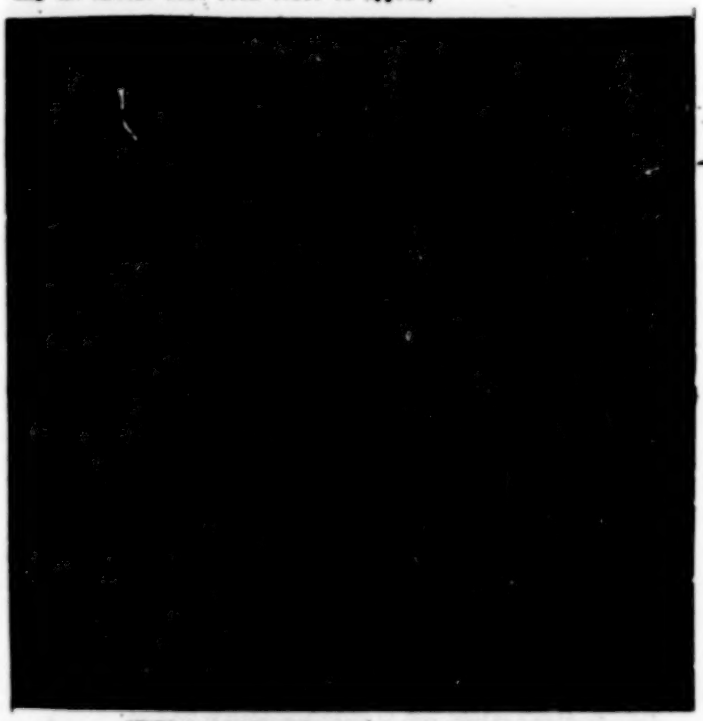
C.I.C.'s representatives who had replaced the F.B.I. personnel were of a particularly high type. General Vandenberg brought out the point that C.I.C. had a roving mission to check these newly assigned personnel in South America and their reports indicated that they were carrying out their functions in an exemplary manner.

GENERAL VANDENBERG then gave a brief report on C.I.C.'s monitoring of foreign broadcasts and stated C.I.C. was now preparing to negotiate a new agreement with the British Broadcasting Corporation for better exchange of material and the future transfer of C.I.C.'s Cairo Monitoring Station covering the Middle East from Cairo to Cyprus.



GENERAL VANDENBERG pointed out that C.I.C. was coordinating the exploitation of documents collected in the Far East and that plans are now being completed for similar exploitation of documents from Europe.

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26. (*Continued*)

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GENERAL VANDENBERG stated he would now like to mention some of the principal difficulties being encountered by C.I.G. in its operations. He said that what he believed to be essential coordination to reduce duplication had been retarded by an uncertainty as to the directive authority of the Director of Central Intelligence. He said that the President specified that the Director of Central Intelligence shall "plan for the coordination of such of the activities of the intelligence agencies of the departments as relate to the national security and recommend to the National Intelligence Authority the establishment of such overall policies and objectives as will assure the most effective accomplishment of the national intelligence mission." (Paragraph 3 of President's letter of 22 January 1946, emphasis added)

GENERAL VANDENBERG further stated that the National Intelligence Authority specified that: "Recommendations approved by this Authority will where practicable govern the intelligence activities of the separate departments represented herein. The members of the Intelligence Advisory Board will each be responsible for insuring that approved recommendations are executed within their respective departments." (NIA Directive No. 1, par. 4)

GENERAL VANDENBERG said that the National Intelligence Authority specified that: "The Director of Central Intelligence is hereby authorized and directed to act for this Authority in coordinating all federal foreign activities related to the national security to insure that the overall policies and objectives established by this Authority are properly implemented and executed." (NIA Directive No. 5, par. 3, emphasis added)

GENERAL VANDENBERG pointed out that it was the feeling of the agencies (Intelligence Advisory Board) that the current interpretation of coordination was "by mutual agreement." This placed the Director of Central Intelligence only in the position of an executive secretary to the I.A.B. and that he did not believe this was what was contemplated by the N.I.A. General Vandenberg then pointed out that in some instances it

26. (*Continued*)

[redacted]

had taken six to eight months to get agreement on a paper. He stated that in order to rectify this he recommended that the Director of Central Intelligence be considered as having authority similar to that given to the Joint Research and Development Board - "The Joint Research and Development Board shall operate within its jurisdiction as an agency of the Secretaries of War and Navy and the necessary authority is hereby delegated by the Secretaries of War and Navy to the Board so that its decisions, orders and directives shall be considered as emanating from them and shall have full force and effect as such." (JRDB 1/1, 6 June 1946, as amended 3 July 1946)

GENERAL VANDENBERG suggested that as an alternative to the above recommendation that C.I.G. forward its implementing directives to the N.I.A. members for subsequent issuance from their offices. However, such a practice would be cumbersome and involve a great loss of time on the part of all concerned.

GENERAL VANDENBERG stated that the production of strategic and national policy intelligence had been hindered further by an uncertainty among the agencies as to its definition. In order to clarify this situation, C.I.G. had developed the following definition, which he requested the N.I.A. approve:- "Strategic and national policy intelligence is that composite intelligence, interdepartmental in character, which is required by the President and other high officers and staffs to assist them in determining policies with respect to national planning and security in peace and in war and for the advancement of broad national policy. It is in that political-economic-military area of concern to more than one agency, must be objective, and must transcend the exclusive competence of any one department."

GENERAL VANDENBERG stated it was his understanding that those persons who developed the plan for the creation of a Central Intelligence Group had in mind that the C.I.G. would replace the Joint Intelligence Committee. This, so far, had not taken place, nor had any working relationship been achieved.

[redacted]

further, that J.I.C. continues to have responsibilities paralleling those of C.I.G., and until this is resolved, complete coordination, effectiveness, and efficiency in the national intelligence mission can not be attained. General Vandenberg recommended that J.I.C. be abolished, and that C.I.G. provide the necessary intelligence to the Joint Chiefs of Staff. He said, however, he believed that some members of the J.C.S. had stated that if this were done, it would lower the original concept of a Central Intelligence Group. General Vandenberg said it was difficult for him, in appearing before appropriation committees, to defend C.I.G.'s request for funds since he was constantly confronted with the question as to the amount of overlap in intelligence. It was his understanding that one of the principal tasks expected of the Director of Central Intelligence was the reduction of such overlap to an absolute minimum.

GENERAL VANDENBERG stated he would also like to point out that when C.I.G. went to the intelligence agencies of the War and Navy Departments for information, there was constant friction as to whether J.I.C. or C.I.G. should have priority. In short, two agencies were asking for the same type of intelligence but requested in a slightly different manner. This duplication was unnecessary and occupied the time of personnel which should be engaged in more productive intelligence activities.

SECRETARY FORRESTAL then asked whether the question of dissolution of the J.I.C. and the assignment of its duties to C.I.G. had been taken up with the Joint Chiefs of Staff.

GENERAL VANDENBERG answered that he believed it had through the I.A.B. members.

MR. EDDY stated that he thought that it was important now to abolish J.I.C. and to have all interdepartmental intelligence under the C.I.G.

[redacted]

After some discussion,

THE NATIONAL INTELLIGENCE AUTHORITY:

a. Agreed that while they believed that the J.I.C. should be abolished and its functions assumed by C.I.G., they desired to withhold decision until such time as it had been discussed with the Joint Chiefs of Staff.

b. Noted that Admiral Leahy would take up this matter with the Joint Chiefs of Staff.

At Secretary Marshall's request, GENERAL VANDENBERG then reread his first recommendation.

SECRETARY PATTERSON stated that he saw no alternative to the N.I.A. approving this recommendation. He added, however, that a proviso should be inserted in the recommendation to allow any aggrieved agency to appeal to the N.I.A. through that agency's respective Secretary.

GENERAL VANDENBERG said it was realized that each agency has the inherent right to appeal through its respective Secretary any objection to a specific directive.

ADMIRAL LEAHY stated that he recommended approval, but that he was in agreement with Secretary Patterson's proviso.

SECRETARY PATTERSON raised the question as to whether General Vandenberg's recommendation would involve C.I.G. entering into the field of operational intelligence of the agencies.

GENERAL VANDENBERG stated that this was not the intent.

MR. EDDY asked, if authority was delegated by the N.I.A. to the Director of Central Intelligence that his directives shall be considered as emanating from them, would such authority be interpreted to allow the Director of Central Intelligence to draft personnel from other agencies to perform specific jobs.

GENERAL VANDENBERG stated that C.I.G. had no intention of interpreting this authority as indicated by Mr. Eddy.

[redacted]

26. *(Continued)*

SECRETARY PATTERSON asked if C.I.G. was contemplating recommending that some of the intelligence manuals now published by the intelligence agencies of the State, War and Navy Departments be discontinued.

GENERAL VANDENBERG stated he would like to have an opportunity to look over these publications before answering this question.

SECRETARY FORRESTAL stated he believed that the proviso to be added to General Vandenberg's recommendation under discussion should read along the following lines: "Provided in cases of objection to specific actions, any aggrieved agency may have access to that agency's Secretary and through him to the N.I.A."

MR. EDDY stated he assumed that any directives, before being issued by C.I.G.? would normally have had prior discussion by the Intelligence Advisory Board.

GENERAL VANDENBERG concurred.

THE NATIONAL INTELLIGENCE AUTHORITY:

Approved the recommendation that "The Director of Central Intelligence shall operate within his jurisdiction as an agent of the Secretaries of State, War and the Navy, and the necessary authority is hereby delegated by the Secretaries of State, War and the Navy to the Director of Central Intelligence so that his decisions, orders and directives shall be considered as emanating from them and shall have full force and effect as such, provided any aggrieved agency may have access to that agency's Secretary and through him to the N.I.A."

At Secretary Marshall's request, GENERAL VANDENBERG then repeated his recommended definition of "Strategic and national policy intelligence."

After some discussion, in which General Vandenberg pointed out the reason why an approved definition of this term

26. *(Continued)*

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was needed,

THE NATIONAL INTELLIGENCE AUTHORITY:

Approved the following definition: "Strategic and national policy intelligence is that composite intelligence, interdepartmental in character, which is required by the President and other high officers and staffs to assist them in determining policies with respect to national planning and security in peace and in war and for the advancement of broad national policy. It is in that political-economic-military area of concern to more than one agency, must be objective, and must transcend the exclusive competence of any one department."

SECRETARY MARSHALL stated that in a recent conversation Congressman Taber was concerned from a security standpoint with reference to appropriations for intelligence activities. Secretary Marshall further stated that Mr. Taber had said that it appeared to him that too many people had to be consulted in considering such appropriations. Secretary Marshall went on to state that he believed the best way to maintain proper security was for the President or the Secretary of State to control these funds, and that a request should be made for a flat appropriation.

GENERAL VANDENBERG stated he had appeared recently before a joint committee, which he was told before appearance would consist of four or five people. However, upon arrival he found there were actually twenty-two people present. He went on to state a subsequent meeting had been called and he would continue to be careful of the information presented. However, he agreed that security of intelligence operations could best be protected by funds which should be concealed and appropriated in a lump sum controlled by one person.

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NIA 9th Meeting - 9 -

27. Montague, Memorandum for the Assistant Director, R & E [J. Klahr Huddle], "Conversation with Admiral Foskett regarding the C.I.G. Daily and Weekly Summaries," 26 February 1947

~~CONFIDENTIAL~~

File

26 February 1947

MEMORANDUM FOR THE ASSISTANT DIRECTOR, R & E

Subject: Conversation with Admiral Foskett regarding the C.I.G. Daily and Weekly Summaries

Reference: Memo. by Dr. VanSlyck, 19 February 1947

1. In discussion with me today Admiral Foskett confirmed and amplified the comments reported in Dr. VanSlyck's memorandum.

2. Adm. Foskett delivers the Daily Summary to the President during the afternoon. Usually the President takes it with him on leaving his office and reads it during the evening. It serves as the basis of his discussion of foreign problems with Adm. Leahy the following morning.

3. The President considers that he personally originated the Daily, that it is prepared in accordance with his own specifications, that it is well done, and that in its present form it satisfies his requirements.

4. The President does not normally see any telegraphic material which anticipates or duplicates the coverage in the Daily. Adm. Foskett takes selected telegrams to him with the Daily in the afternoon and Adm. Leahy brings others in the morning, but these telegrams normally refer to matters not treated in the Daily (e.g., operational information).

5. The President reads the Daily, as marked by Adm. Foskett, before seeing Adm. Leahy. Although Adm. Foskett marks certain items as of particular interest, this is not intended to direct the President's attention exclusively to them. The President normally reads every item in the Daily with interest.

6. The marks seen on Adm. Leahy's copies are not for the President's guidance, but for the Admiral's own convenience in locating items to which he wishes to refer. Adm. Leahy seldom refers to reports indicating the development of situations previously discussed. (This would explain a tendency we have noted to mark marginal items instead of those reporting developments in apparently more important situations.) Nevertheless, the President desires to be kept informed of developments in important continuing situations.

~~CONFIDENTIAL~~

27. *(Continued)*

~~CONFIDENTIAL~~

7. Adm. Foskett considers that the Daily should not be too closely screened: within reasonable limitations of space, it is better to err on the side of being too inclusive than too exclusive. In addition to considerations which we have discussed, he points out that he and Adm. Leahy, both in immediate daily attendance on the President, normally differ in their selection of items to call to his particular attention, each with reason. (If such well-placed authorities differ, how shall we make an exactly perfect selection.) Reiterating that in neither case are their selections meant to be exclusive, he considers that we should provide them with a broad initial selection, provided that each item should be of potential interest to the President and that all together should not be so numerous as to overburden him.

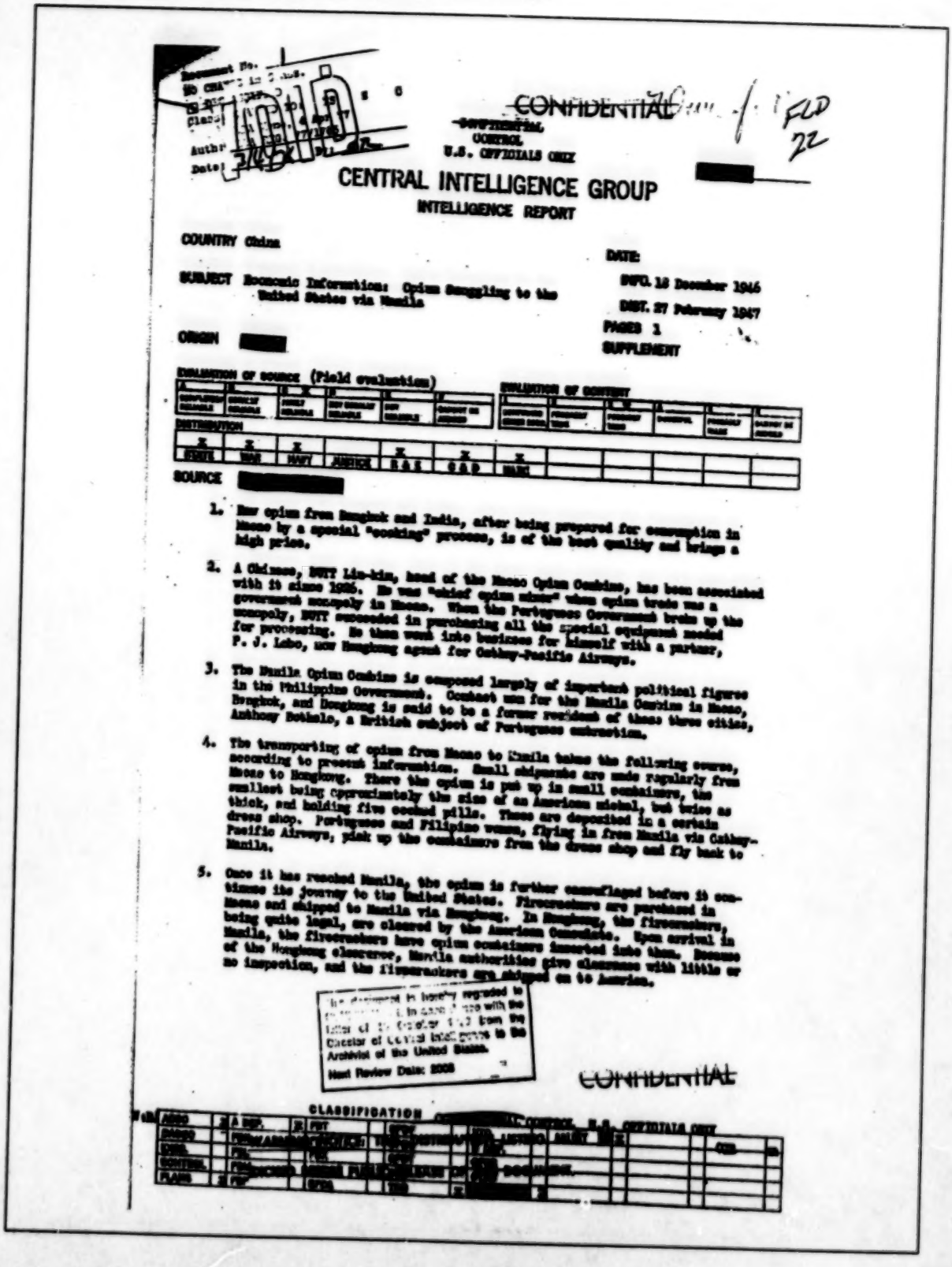
8. Adm. Foskett was less definite with respect to the Weekly, although he complimented its new format. After delivering it to the President, he normally does not see or hear more of it, although he has heard some comment on particular items in it indicating that the President does actually read it. (By the marks on Adm. Leahy's copies we know that the Admiral has discussed certain Weekly articles with the President.) It appears that the Weekly in its present form is acceptable at the White House and is used to an undetermined extent without exciting comment indicative of a desire for any particular change. When I described the alternative under consideration, Adm. Foskett was unable to say that it would be preferable. He undertook, however, to inquire further into the subject.

Ludwell L. Montague

LUDWELL L. MONTAGUE
Chief, Intelligence Staff, ORE

~~CONFIDENTIAL~~

28. CIG Intelligence Report, 27 February 1947 (Ditto copy)



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CENTRAL INTELLIGENCE GROUP

INTELLIGENCE REPORT

COUNTRY China

DATE:
INFO. 18 December 1946
DIST. 27 February 1947
PAGES 1
SUPPLEMENT

SUBJECT Economic Information: Opium Smuggling to the United States via Manila

ORIGIN [redacted]

EVALUATION OF SOURCE (Field evaluation)

A	B	C X	D	E	F
COMPLETELY RELIABLE	CONTEXT RELIABLE	FAIRLY RELIABLE	NOT RELIABLE RELIABLE	NOT RELIABLE	CANNOT BE JUDGED

EVALUATION OF CONTENT

1	2	3 X	4	5	6
CONFIRMED OTHER SOURCES	PROBABLY TRUE	PROBABLY TRUE	DOUBTFUL	PROBABLY FALSE	CANNOT BE JUDGED

DISTRIBUTION

STATE	WAR	NAVY	JUSTICE	R & E	C & D	MARC					
X	X	X		X	X	X					

SOURCE [redacted]

1. Raw opium from Bangkok and India, after being prepared for consumption in Macao by a special "cooking" process, is of the best quality and brings a high price.

2. A Chinese, BUTT Liu-kim, head of the Macao Opium Combine, has been associated with it since 1926. He was "chief opium mixer" when opium trade was a government monopoly in Macao. When the Portuguese Government broke up the monopoly, BUTT succeeded in purchasing all the special equipment needed for processing. He then went into business for himself with a partner, P. J. Lobo, now Hongkong agent for Cathay-Pacific Airways.

3. The Manila Opium Combine is composed largely of important political figures in the Philippine Government. Contact man for the Manila Combine in Macao, Bangkok, and Hongkong is said to be a former resident of these three cities, Anthony Bothelo, a British subject of Portuguese extraction.

4. The transporting of opium from Macao to Manila takes the following course, according to present information. Small shipments are made regularly from Macao to Hongkong. There the opium is put up in small containers, the smallest being approximately the size of an American nickel, but twice as thick, and holding five cooked pills. These are deposited in a certain dress shop. Portuguese and Filipino women, flying in from Manila via Cathay-Pacific Airways, pick up the containers from the dress shop and fly back to Manila.

5. Once it has reached Manila, the opium is further camouflaged before it continues its journey to the United States. Firecrackers are purchased in Macao and shipped to Manila via Hongkong. In Hongkong, the firecrackers, being quite legal, are cleared by the American Consulate. Upon arrival in Manila, the firecrackers have opium containers inserted into them. Because of the Hongkong clearance, Manila authorities give clearance with little or no inspection, and the firecrackers are shipped on to America.

This document is hereby regraded to [illegible] in accordance with the letter of [illegible] from the Director of Central Intelligence to the Archivist of the United States.
Next Review Date: 2008

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CLASSIFICATION [redacted] CONTROL U.S. OFFICIALS ONLY

ADCO	X	A DEP.	X	PDT		OPDT		[illegible]					
DADCO		[illegible]		[illegible]		[illegible]		[illegible]					
DDCI		[illegible]		[illegible]		[illegible]		[illegible]					
CONTROL		[illegible]		[illegible]		[illegible]		[illegible]					
PLANS	X	[illegible]		[illegible]		[illegible]	X	[redacted]	X				

29. Elsey to Clifford, "Central Intelligence Group," 14 March 1947
(Photocopy)

C 13

14 March 1947

MEMORANDUM FOR:

Mr. Clifford.

Subject: Central Intelligence Group.

1. C.I.G. is up to its old tricks again. It has submitted "informally" the draft of a proposed bill to be submitted to Congress very similar to the two previous drafts which Vandenberg has sent to you in recent months and which you filed without further action.

2. Mr. George Schwarzwalder of Donald Stone's group, called to request advice and information on what Budget should tell C.I.G. I suggested that C.I.G. be informed that there was no necessity for such legislation in view of the sections concerning Intelligence which are included in the Unification Bill.

3. The Budget concurs in that position and will inform C.I.G. that it is inappropriate to propose legislation at this time in view of the President's support of the Unification Bill.

Respectfully,

GEORGE M. ELSEY

Part II

The CIA under DCI Hillenkoetter

Part II: The CIA under DCI Hillenkoetter

The documents in Part II cover the period from the enactment of the National Security Act in July 1947 to the opening months of the Korean war in 1950.

RAdm. Roscoe Hillenkoetter succeeded General Vandenberg in May 1947 and served for three years as the Cold War mounted in intensity. Soviet expansionism in eastern Europe and Mao Tse-tung's victory in China increased demands for CIA intelligence analysis and prompted the administration to assign CIA a covert action mission. The formation of the Office of Policy Coordination (OPC) for covert operations was a watershed event, which completed the reassembly in CIA of the authority and responsibilities of the wartime OSS. Admiral Hillenkoetter, however, had little control over the new OPC, and CIA drifted. By mid-1949 two men, both OSS veterans, had gained substantial influence over CIA: Frank Wisner, the aggressive chief of the well-funded and quasi-autonomous OPC, and Allen Dulles. Although Dulles did not yet work for CIA, his survey of the Agency for the new National Security Council (NSC) sharply criticized Hillenkoetter and persuaded the NSC to press the Director to carry out significant reforms. Hillenkoetter knew his time was up, but the Truman administration took months to choose his successor.

30. National Security Act of 1947, 26 July 1947
(Excerpted photograph copy)

Eightieth Congress of the United States of America

At the First Session

Begun and held at the City of Washington on Friday, the third day of January, one thousand nine hundred and forty-seven

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AN ACT

To promote the national security by providing for a Secretary of Defense; for a National Military Establishment; for a Department of the Army, a Department of the Navy, and a Department of the Air Force; and for the coordination of the activities of the National Military Establishment with other departments and agencies of the Government concerned with the national security.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

That this Act may be cited as the "National Security Act of 1947".

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Sec. 2. Declaration of policy.

TITLE I—COORDINATION FOR NATIONAL SECURITY

Sec. 101. National Security Council.
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Sec. 103. National Security Resources Board.

TITLE II—THE NATIONAL MILITARY ESTABLISHMENT

Sec. 201. National Military Establishment.
Sec. 202. Secretary of Defense.
Sec. 203. Military Assistants to the Secretary.
Sec. 204. Civilian personnel.
Sec. 205. Department of the Army.
Sec. 206. Department of the Navy.
Sec. 207. Department of the Air Force.
Sec. 208. United States Air Force.
Sec. 209. Effective date of transfers.
Sec. 210. War Council.
Sec. 211. Joint Chiefs of Staff.
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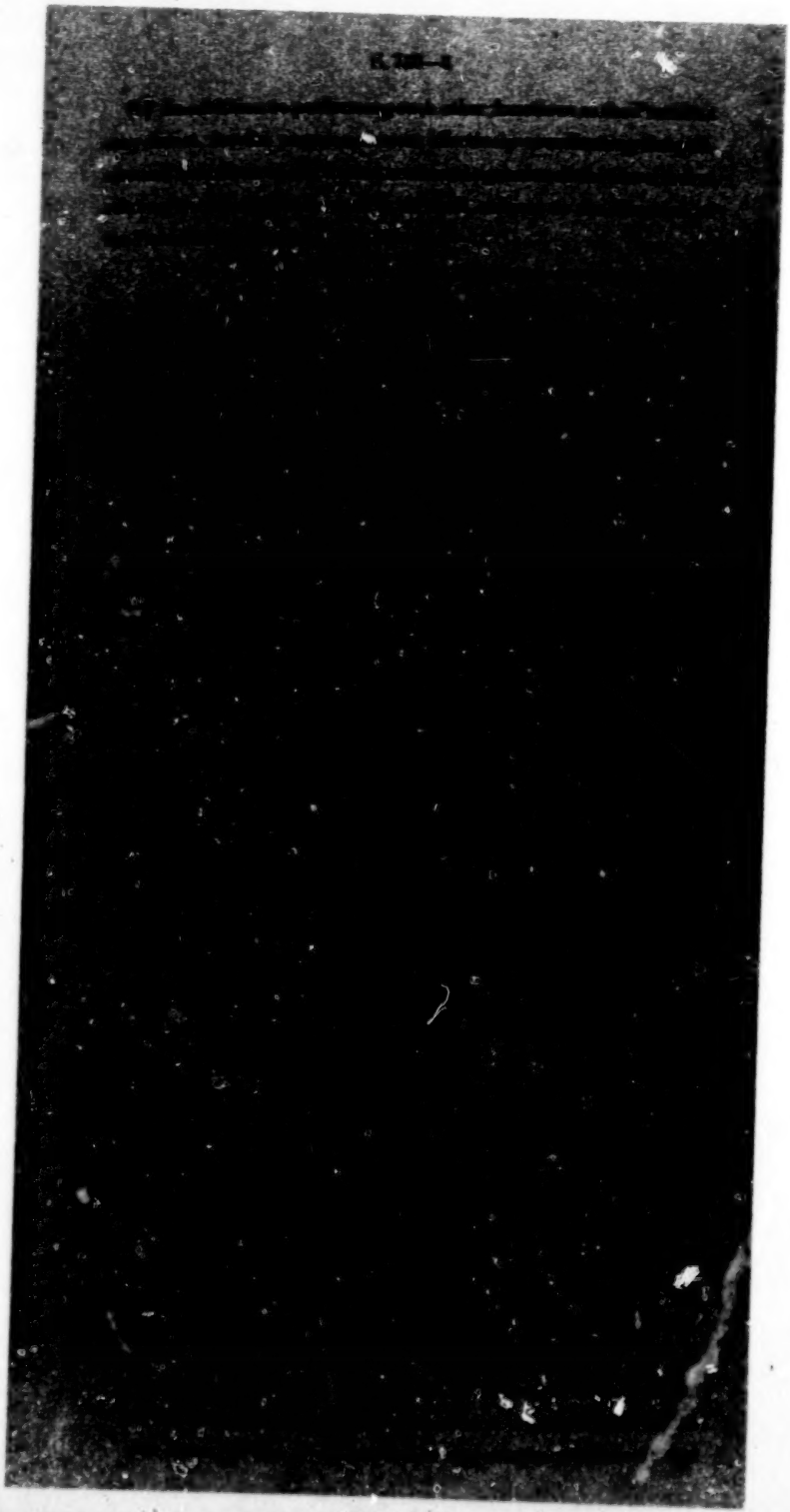
TITLE III—MISCELLANEOUS

Sec. 301. Compensation of Secretaries.
Sec. 302. Under Secretaries and Assistant Secretaries.
Sec. 303. Advisory committees and personnel.
Sec. 304. Status of transferred civilian personnel.
Sec. 305. Saving provisions.
Sec. 306. Transfer of funds.
Sec. 307. Authorization for appropriations.
Sec. 308. Definitions.
Sec. 309. Separability.
Sec. 310. Effective date.
Sec. 311. Succession to the Presidency.

30. *(Continued)*



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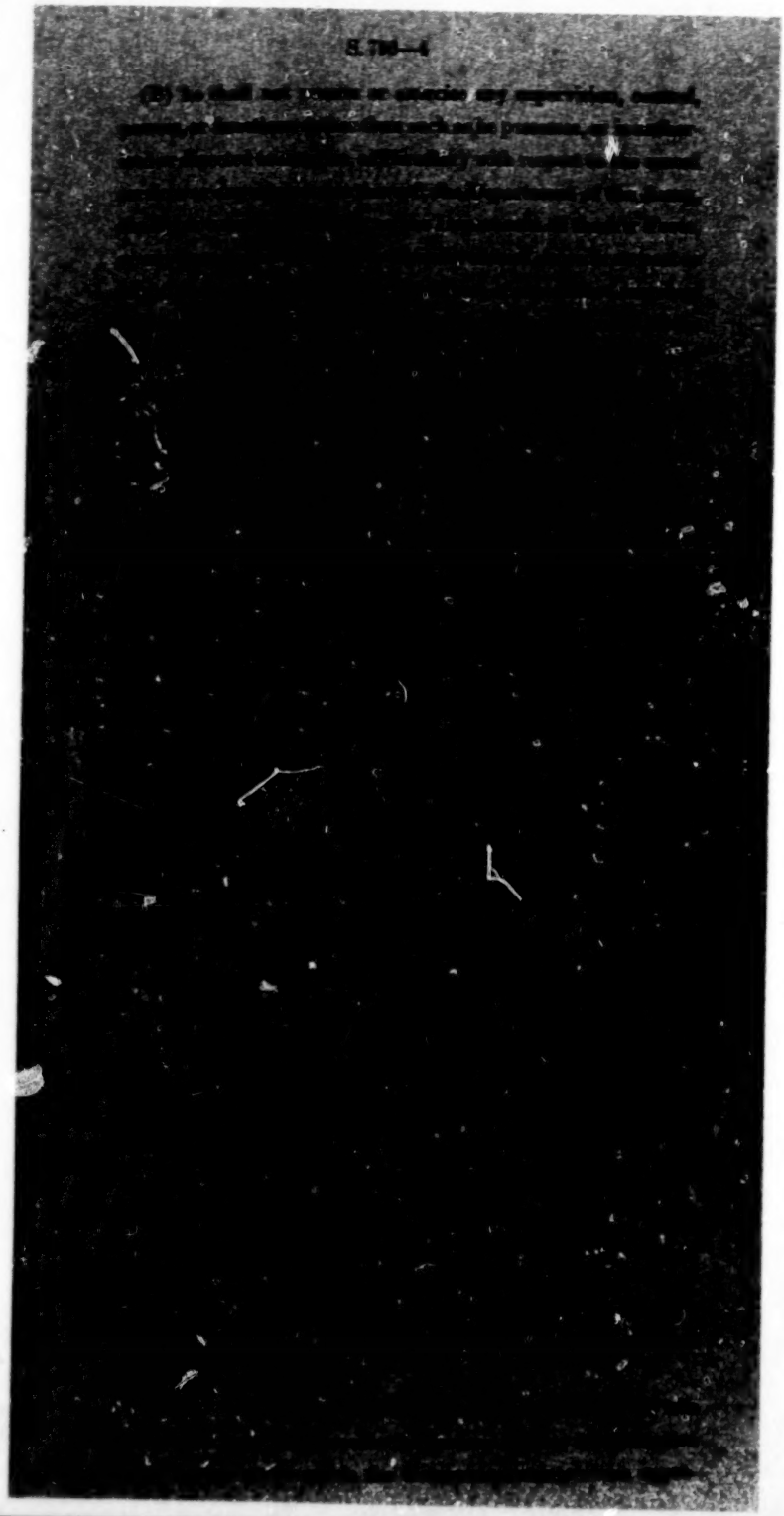

S. 784—4

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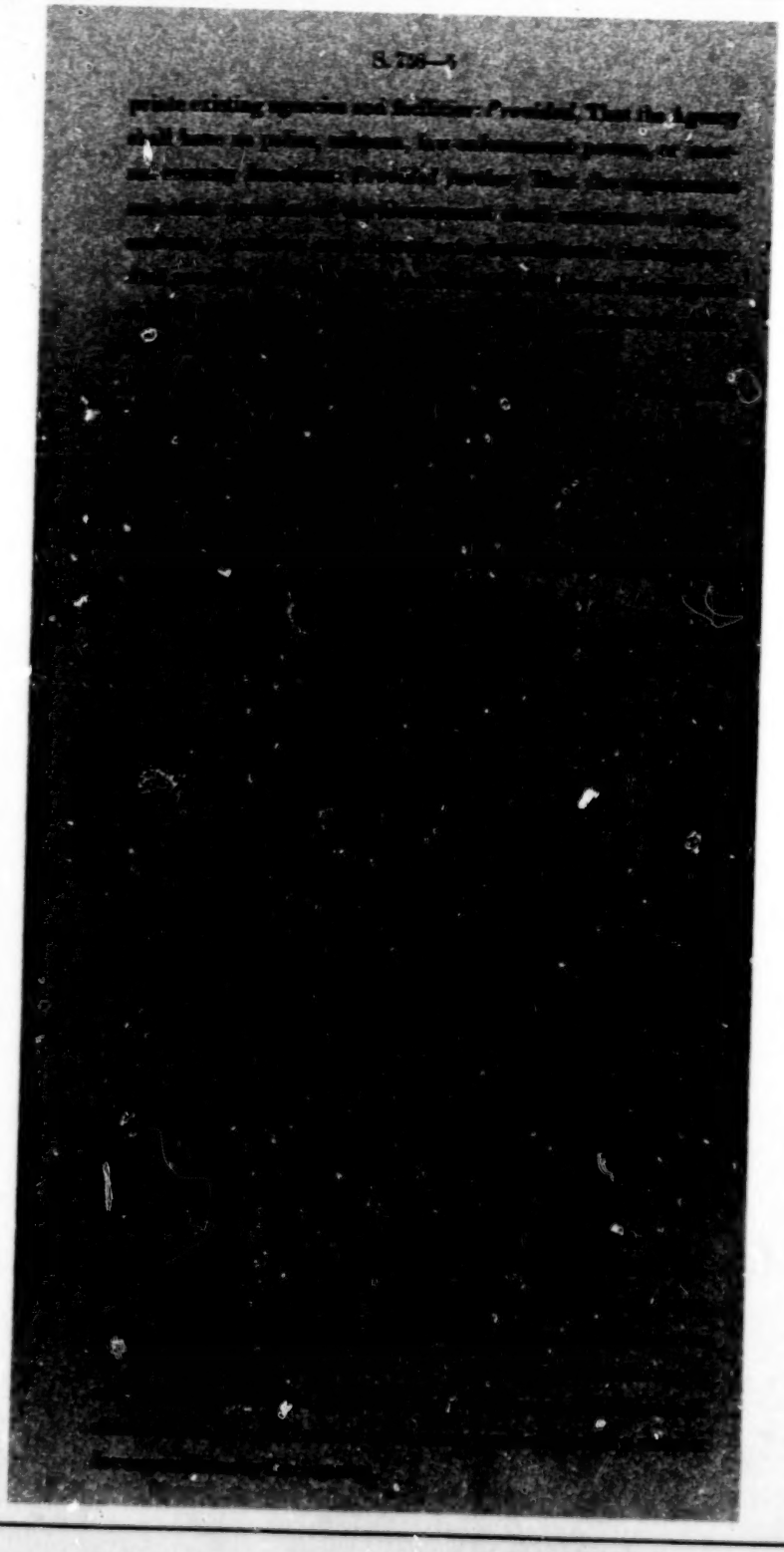

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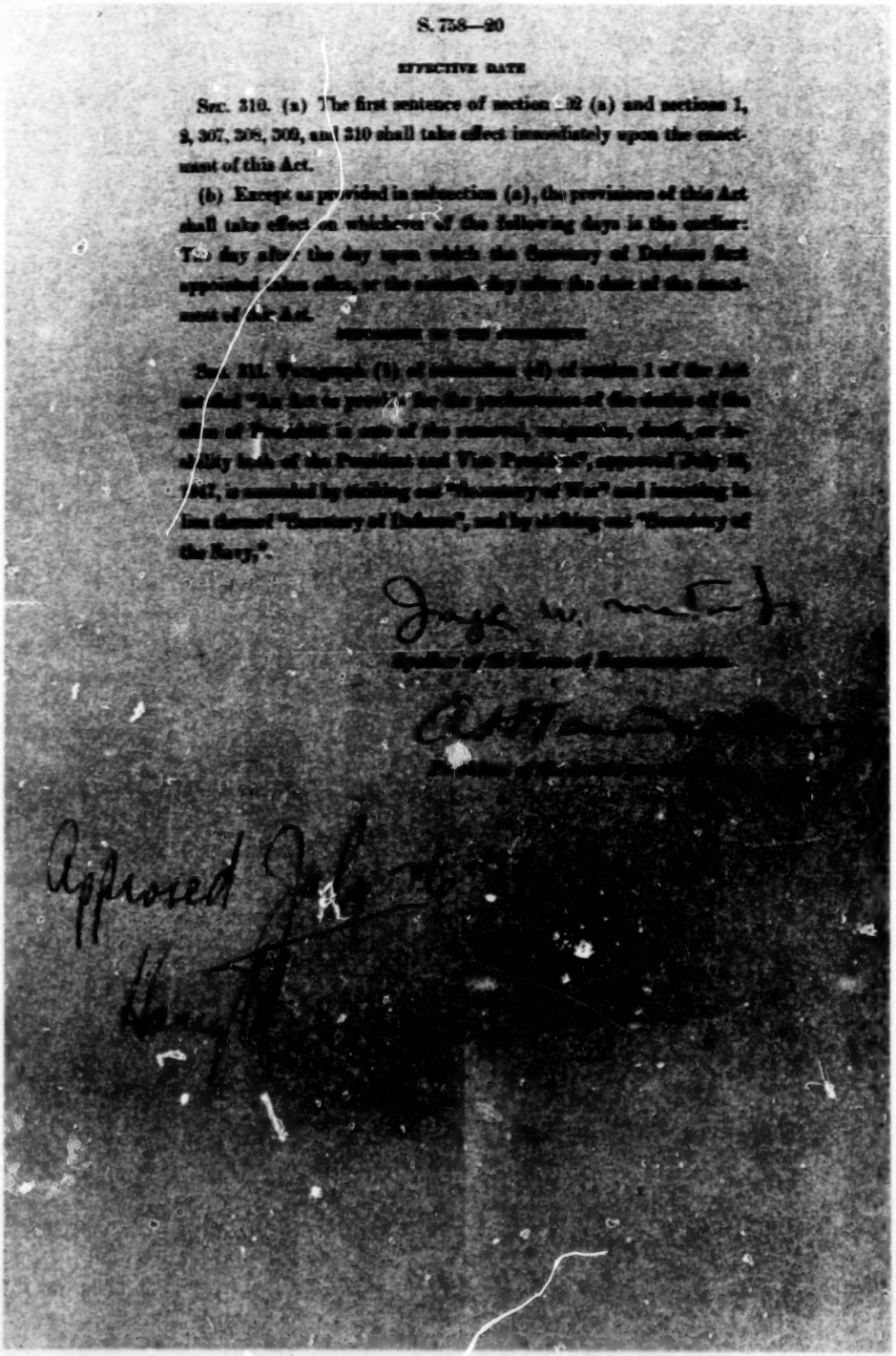

S. 758—20

EFFECTIVE DATE

SEC. 310. (a) The first sentence of section 202 (a) and sections 1, 2, 307, 308, 309, and 310 shall take effect immediately upon the enactment of this Act.

(b) Except as provided in subsection (a), the provisions of this Act shall take effect on whichever of the following days is the earlier: The day after the day upon which the Secretary of Defense first appointed takes office, or the sixtieth day after the date of the enactment of this Act.

AMENDMENT OF THE ACT OF JULY 18, 1947

SEC. 311. Paragraph (5) of subsection (d) of section 1 of the Act entitled "An Act to provide for the performance of the duties of the office of President in case of the removal, resignation, death, or inability both of the President and Vice President", approved July 18, 1947, is amended by striking out "Secretary of War" and inserting in lieu thereof "Secretary of Defense", and by striking out "Secretary of the Navy,".

[illegible]
Speaker of the House of Representatives.

[illegible]
President of the Senate.

Approved July [illegible]

[illegible]

BEST AVAILABLE COPY

31. R. H. Hillenkoetter to the National Intelligence Authority, "National Security Act of 1947," 11 September 1947 (Attachment not included)

~~CONFIDENTIAL~~

CENTRAL INTELLIGENCE GROUP
2430 E STREET NW.
WASHINGTON 25, D. C.

11 September 1947

MEMORANDUM FOR THE SECRETARY OF STATE
SECRETARY OF WAR
SECRETARY OF THE NAVY
PERSONAL REPRESENTATIVE OF THE PRESIDENT ON NIA

Subject: National Security Act of 1947

1. Upon the coming into effect of the National Security Act of 1947, the National Intelligence Authority automatically ceases to exist and the Central Intelligence Agency comes under the National Security Council. Inasmuch as no date has been set for a meeting of the National Security Council to carry on the work of the National Intelligence Authority, the following suggestions and recommendations are made:

a. At the first meeting of the National Security Council, it is recommended that all directives of the National Intelligence Authority and the Central Intelligence Group be continued in full force and effect until the National Security Council has had an opportunity to study the problem and to make amendments and changes that they may consider desirable.

b. In order that the National Security Council make an early approach to this problem, it is recommended that the Director of the Central Intelligence Agency be directed to submit, within sixty days, his proposal for National Security Council directives to bring former directives of the National Intelligence Authority and the Central Intelligence Group into line with the National Security Act of 1947.

c. In consideration of the size of the National Security Council, as compared to the National Intelligence Authority, it is recommended that a subcommittee be established to act similarly to the National Intelligence Authority to furnish the active direction of the Central Intelligence Agency. This subcommittee should be composed of a minimum number of members and, as a suggestion, could be either the Secretary of State and the Secretary of National Defense, or the Secretary of State, Secretary of National Defense, and the three Secretaries of Army, Navy and Air Force. Personally, I believe the first suggestion is better since the Secretary of State has equal representation with the military. If the second suggestion is followed, there may be some complaints from State that the military is overshadowing them.

Draft for Secy NSC to [illegible] in this & also DCIA [illegible] with NSC as NON V-MEM

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31. *(Continued)*

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2. The Director of the Central Intelligence Group sat as a non-voting member of the National Intelligence Authority, and, while I believe it presumptuous and awkward on my part to suggest that he so sit with the National Security Council, still it would be of utmost assistance if he could attend all meetings of the National Security Council in some capacity, either as observer, counsel or advisor, in order to keep informed of what the thoughts of the National Security Council may be. In addition, by being present, the Director of the Central Intelligence Agency would also be available for such direct questions as may be propounded.

3. If you will indicate your approval or disapproval of the suggestions and recommendations above, I shall go ahead and have formal statements prepared to be furnished to the National Security Council at its first meeting.

R. H. HILLENKOETTER
Rear Admiral, USN
Director of Central Intelligence

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32. Central Intelligence Agency, Office of Reports and Estimates, CIA 1, "Review of the World Situation as it Relates to the Security of the United States," 26 September 1947

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CIA SERIES

35348

CENTRAL INTELLIGENCE AGENCY

Review of the World Situation as it Relates to the Security of the United States

CIA 1

26 September 1947

Copy No. 45

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32. (*Continued*)

WARNING

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE ACT, 50 U.S.C., 31 AND 32, AS AMENDED. ITS TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

32. *(Continued)*

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REVIEW OF THE WORLD SITUATION AS IT RELATES TO THE SECURITY OF THE UNITED STATES

26 September 1947

SUMMARY

1. Among foreign powers, only the U.S.S.R. is capable of threatening the security of the United States.

2. The U.S.S.R. is presently incapable of military aggression outside of Europe and Asia, but is capable of overrunning most of continental Europe, the Near East, northern China, and Korea.

3. The U.S.S.R. is unlikely to resort to open military aggression in present circumstances. Its policy is to avoid war, to build up its war potential, and to extend its influence and control by political, economic, and psychological methods. In this it is deliberately conducting political, economic, and psychological warfare against the United States.

4. The greatest danger to the security of the United States is the possibility of economic collapse in Western Europe and the consequent accession to power of Communist elements.

5. Stabilization and recovery in Europe and Asia would tend to redress the balance of power and thereby to restrain the U.S.S.R.

6. From the point of view of containing the U.S.S.R. and eventually redressing the balance of power the order of priority among the major regions of Europe and Asia is:

a. Western Europe.

b. The Near and Middle East (but within the region the situation in Greece is of great importance and the utmost urgency, while the situation with respect to Palestine is extremely dangerous).

c. The Far East (but within the region Japan is important as the only area capable of relatively early development as a power center counterbalancing the Soviet Far East).

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REVIEW OF THE WORLD SITUATION AS IT RELATES TO THE SECURITY OF THE UNITED STATES

1. Among foreign powers, only the U.S.S.R. is capable of threatening the security of the United States. Even the U.S.S.R., lacking the requisite naval and air forces, is incapable of direct attack upon the United States * or of major military operations anywhere outside of Europe and Asia. The preponderance of readily available Soviet ground strength is such, however, that the U.S.S.R., at will, could speedily overrun most of continental Europe, the Near East, northern China, and Korea. If the U.S.S.R. were to exercise this capability, the ultimate danger to the United States would be even greater than that threatened by Germany and Japan, to avert which the United States incurred the risk of war.

2. Soviet predominance in Eurasia is, for the present, less a matter of absolute strength than of relative immediately available strength. The Soviet industrial war potential is considered to be approximately equal to that of 1939; it is almost certainly no greater. Since 1939, however, the power of Germany and of Japan has been obliterated, that of France and of Italy severely curtailed, and that of Great Britain seriously impaired. China also, no great power in 1937, is even more weak and disorganized in 1947. Thus the balance of power which restrained the U.S.S.R. from 1921 to 1941 has ceased to exist. The only effective counterpoise to the power of the Soviet Union is that of the United States, which is both latent and remote. Consequently the U.S.S.R., despite its present weaknesses, enjoys an overwhelming preponderance of power at every point within logistical reach of its land forces.

3. Despite this initial advantage, the U.S.S.R. is unlikely to resort to overt military aggression in present circumstances, primarily for the following reasons:

a. Forcible occupation of extensive additional territory, particularly in Western Europe, would impose upon the U.S.S.R. the additional burden of holding in subjection large hostile populations, a task vastly greater than that assumed in the satellite states of Eastern Europe and one likely to overtax the attenuated resources of the Soviet Union.

b. Open aggression would entail risk of a war with the United States ultimately disastrous for the U.S.S.R. Unable to strike directly at the United States, the U.S.S.R. would be exposed to early long range air bombardment with conventional and atomic bombs and to eventual amphibious attack. Moreover, Soviet industrial

* The U.S.S.R. is capable of a considerable number of one-way bomber sorties against targets in the U.S. Such attacks, using conventional bombs, could be no more than harassing in effect, but, with atomic bombs, would be extremely dangerous. Whether the U.S.S.R. now possesses a usable atomic bomb can be neither proved nor disproved, but it is considered improbable that the U.S.S.R. has such a bomb or that it can develop one before 1950.

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capabilities for the support of large scale, highly developed warfare are and must long remain greatly inferior to those of the United States. The U.S.S.R. would be unable to win a quick decision in such a conflict and could not support a protracted struggle with a determined and resourceful antagonist far beyond its own frontiers.

c. Open military aggression would forego favorable prospects for the further extension of Soviet hegemony by political and economic means. By indoctrination, experience, and personal interest the rulers of the U.S.S.R. are predisposed toward the pursuit of their objectives by conspiratorial rather than by military methods. In the economic dislocation, social unrest, political instability, and military weakness prevailing generally in Europe and Asia they have an unprecedented opportunity to extend the Soviet sphere by politico-revolutionary action at less risk than that entailed by military aggression, and with greater prospect of enduring success.

4. Thus the greatest present danger to U.S. security lies, not in the military strength of the U.S.S.R. and the possibility of Soviet armed aggression, but in the possibility of the economic collapse of Western Europe and of the consequent accession to power of elements subservient to the Kremlin. The economic weakness of Western Europe is the result of the simultaneous impact of extensive physical destruction, a breakdown in pre-war economic relationships (supplanted in many countries by rampant illegal or black-market practices), a deterioration in the will and capacity to work and in other driving forces of a virile economy, and a probably irreparable loss of large pre-war claims for goods and services derived from overseas investments and from a dominant position in colonial territories. As a result of these conditions and until indigenous production can be increased considerably beyond the pre-war level, Western Europe is confronted (in the absence of outside aid) with a prolonged period of low standards of living, widespread dissatisfaction, social unrest, and political instability. There are indications that the Kremlin is clearly conscious of this opportunity and that its present plans for the extension of its power are premised upon the assumption of continuing economic crisis in Western Europe and an eventual depression in the United States.

5. The policy of the U.S.S.R. in the foregoing circumstances appears to be:

a. To avoid war with the United States, relying upon the disinclination of the United States to resort to war on its own initiative. (In the actual state of acute tension an accidental outbreak of hostilities is a distinct possibility, but it is probable that the U.S.S.R. would not intend its provocations to lead to armed conflict with the U.S. and will avoid that result insofar as its intelligence provides adequate guidance.)

b. To build up its own strength, in anticipation of eventual war, by:

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(1) An intensive program of reconstruction and industrial expansion with particular reference to war industries.

(2) An intensive program of research and development with particular reference to an atomic bomb, guided missiles, and bacteriological warfare.

(3) The development of naval and strategic air forces.

c. To preserve its existing relative predominance in Eurasia by maintaining overwhelmingly preponderant ground strength and by consolidating control of satellite states and occupied areas.

d. To extend its own power and influence and to undermine those of the United States so far as is possible by political, economic, and psychological means, including action to:

(1) Prevent or retard recovery and stabilization in non-Soviet areas.

(2) Fasten on the United States responsibility for continuing dissatisfactions and distress; identify the United States with political reaction, economic imperialism, and military aggression; and identify the Soviet Union as democratic, anti-imperialistic, and peace-loving.

(3) Exploit the weakness, instability, and confusion prevalent in neighboring countries to bring to power therein Communist or Communist-controlled governments.

6. Although the conditions presently prevailing in European and Asiatic countries surrounding the Soviet sphere constitute a danger to U.S. security, stabilization and recovery in those countries would tend to redress the balance of power, thereby curbing Soviet aggressiveness and stabilizing the international situation.

7. From the point of view of redressing the balance of power the major regions of Europe and Asia, outside the Soviet sphere, are not of equal importance. Western Europe merits first consideration for reasons of both urgency and potential value. The most highly developed of these regions, it is at once the most vulnerable to disorganization and the most favorable for the early development of potential power. It is also most accessible from the center of Soviet power, and conversely, best located for the eventual exertion of restraining pressure upon the Soviet Union. In Western Europe a severe and possibly decisive economic and political crisis now impends. Within the general area the most critical situations exist in the United Kingdom, France, Italy, and Germany.

8. The United Kingdom, supported by the British Commonwealth and Empire, was formerly a major stabilizing influence in world economy and the balance of power, but its capabilities in these respects are now greatly reduced. In view of its critical economic position, it must curtail drastically its overseas commitments, with a consequent reduction of its power and influence abroad. Existing British overseas com-

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mitments are so extensive and important that their precipitate liquidation would create conditions prejudicial to security interests of the United States.

9. The immediate French economic situation is even more critical than that of the United Kingdom and the French are less able to cope with it, in large measure because of the instability of the internal political situation. The ineffectiveness of coalition governments increasingly encourages resort to political extremes. The Communists are already the strongest single party in France; a swift economic collapse might well lead to their accession to power. A more gradual decline would probably favor a trend toward an authoritarian solution under the leadership of De Gaulle. It is unlikely that either extreme could establish its authority so effectively as to preclude the outbreak of civil war on its accession to power.

10. The Italian economic situation is desperate and the political situation unstable, for reasons similar to those obtaining in France, with an even greater possibility of Communist accession to power in the event of economic and political collapse. Moreover, the proximity of Yugoslavia makes possible the development of a situation in Italy similar to that in Greece.

11. In Germany acute economic distress has been aggravated by continued partition and by uncertainties regarding the future status of the country and of its industrial establishments. Despite these conditions, Western Germay has shown itself to be more resistant to Communist penetration than France and Italy have been. There are indications that even in the Soviet Zone the political situation is unsatisfactory from the Soviet point of view. The economic rehabilitation of Germany, particularly of the Ruhr, is essential to general European recovery as well as to local stability. Effective steps toward industrial rehabilitation will tend to stabilize the situation in Western Germany, but will require convincing assurances to France against a recurrence of German aggression.

12. Of important concern in relation to Western European recovery is the existing instability in colonial (or former colonial) areas upon the resources of which several European powers (the United Kingdom, France, and the Netherlands) have hitherto been accustomed to depend. From Morocco to Indonesia the situation is disturbed by resurgent native nationalism and communal strife. Armed conflict exists between natives and Europeans in Indonesia, Indochina, and Madagascar, and between native communities in India and Pakistan. Armed communal strife is incipient in Palestine. Between Britain and Egypt the matter is one of international dispute. Unrest is widespread in French North Africa. None of these situations gives promise of early stabilization. The continuance of unsettled conditions hinders economic recovery and causes a diversion of European strength into efforts to maintain or reimpose control by force. In these circumstances the traditional liberal policies of the United States and its interest in early stabilization are in apparent conflict with its interest in supporting

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friendly European governments. There is a consistent tendency to bring these matters before the United Nations, where their effect is to divide the non-Soviet powers. Although the U.S.S.R. is in no position to intervene by force in these situations, it is actively exploiting them to create dissension, to undermine the economic and political stability of European states, and to discredit them and the United States.

13. As a region, the Near and Middle East is of second priority from the point of view of containing the U.S.S.R. and eventually redressing the balance of power—but within the general area the situation in Greece is of great importance and the utmost urgency, while the situation with respect to Palestine is extremely dangerous. The region differs from both Western Europe and the Far East in that (except in India) its human and material resources are inadequate for the development of a significant power potential. Its great importance, second only to that of Western Europe, lies in its strategic location as a barrier to further Soviet expansion, as an essential link in communications between the West and East, and as a potential base from which power developed elsewhere could be brought to bear on the sources of Soviet power, and in the vital importance of the oil of the Persian Gulf states to the Western powers.

14. In Greece the U.S.S.R., acting indirectly through Communist-led guerrillas supported by the Balkan satellite states, is in actual process of taking over a major portion of the country by force of arms. The Greek Government is unable to cope with this threat without active aid. At any time U.S. armed intervention may be required to prevent its collapse and to restore the situation. The loss of Greece would not only impair the strategic position in the Eastern Mediterranean, but would also have profound psychological repercussions throughout Western Europe and the Near and Middle East.

15. The Soviet effort to penetrate Iran is still being conducted by political and economic means. Iranian refusal of an oil concession to the USSR, which is still probable, would provoke a strong Soviet reaction, including a renewal of subversive activity, though probably not an overt Soviet intervention. If Iran should grant the concession, Soviet penetration would be facilitated.

16. In contrast to Greece and Iran, Turkey is not susceptible to Soviet penetration. Turkey may be expected to resist Soviet domination in any circumstances, but could not be expected to withstand for long a full-scale attack.

17. The situation with respect to Palestine is fraught with peculiar difficulties and dangers. Zionist leadership, exploiting widespread humanitarian sympathy with the surviving Jews of Europe, has pursued its objectives without regard for the consequences. The Arab reaction is bitter and potentially violent, endangering not only the Jews in Palestine but also the strategic interests of the Western powers in the Near and Middle East, since the Arabs now identify the United States and the United

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Kingdom with Zionism. The partition of Palestine, as proposed to the United Nations, satisfies minimum Zionist demands, but will be bitterly resisted by the Arabs. Its adoption and implementation would precipitate Arab armed resistance possibly assuming the proportions of a Holy War against Europeans and Americans as well as Jews. The Arab governments could not control this popular reaction; they would be coerced by it, or would be supplanted by governments responsive to the popular will. Their principal means of retaliation against the United States and the United Kingdom would be the cancellation of British and American oil concessions. Since the Arabs could not operate the oil properties themselves, and since, in these circumstances, they would be in desperate need of powerful support, it is probable that they would eventually transfer these concessions to the Soviet Union. Soviet control of Arabian oil would be disastrous to Western interests. This course of events, of which there is real and grave danger, would not only wreck the strategic position of the Western powers in the Near and Middle East, but would also have a fatal effect upon the economic recovery of Western Europe and would seriously impair the war potential of the Western powers.

18. Although the situation is critical in both China and Korea, the Far East is of only third priority from the point of view of containing the U.S.S.R. and eventually redressing the balance of power. The proximity of Eastern Siberia to the present perimeter of Soviet and Chinese Communist control in Korea, Manchuria, and North China, the remoteness of the United States, and the weakness of the Chinese National Government, would render any U.S. attempt at containment by directly opposing force to force a most unequal contest. The restraints upon Soviet aggression are political: the undesirability of an open conflict with the United States and the possibility of further penetration of China and Korea by political means. Moreover, the region is vast; an effort extensive in space and time would be required before the U.S.S.R. could gain effective control of objectives strategically important to the United States. From the point of view of power potential, the human and material resources of the region are great, but, with the exception of Japan and of certain areas in Manchuria and North China, they are generally undeveloped and incapable of development, by either the U.S. or the U.S.S.R., within any period of present concern. Moreover, in comparison with Western Europe and the Middle East, the accessible Far East is too remote from the vital areas of the Soviet Union to permit the exertion of effective influence therefrom upon Soviet policy. Whatever the course of events in continental Asia, maintenance of effective U.S. control of the Pacific would afford a sufficient safeguard.

19. Despite the low priority accorded to the Far East, as a region, in this reckoning, Japan is important as the only area within the region capable of relatively early development as a power center. Under SCAP control, the political situation in Japan is stable, despite economic difficulties. The Japanese economy is dependent upon

32. (*Continued*)

the availability of foodstuffs and industrial raw materials from overseas. The removal of U.S. control, particularly if the economic problem remains unsolved, would open the way to vigorous Soviet penetration. The rehabilitation of Japan under Soviet influence or control (with provision of essential imports from continental Asia) would jeopardize the U.S. strategic position in the Pacific, as well as any U.S. position in China. The rehabilitation of Japan under U.S. influence or control (with provision of essential imports from Southeastern Asia), while it would tend to alienate China, would create a power tending to counterbalance the Soviet Far East and so to stabilise the regional situation.

20. The stalemate in Korea can be broken only by U.S. acceptance of terms which would in effect surrender that country to the U.S.S.R. as a satellite. United States efforts to make the best of the status quo must be conducted in the face of persistent Soviet subversive activity and propaganda pressure.

21. There is no prospect of an early solution of the political and economic problems of China. The Communists will accept no political solution which does not render their existing territorial control secure while affording them opportunities for further penetration by political means. Such a solution has been the consistent objective of the U.S.S.R. The Kuomintang has been adamant in refusing to consider such terms so long as it has had hope of United States support. Losing such hope, it might reconsider its attitude with a view to salvaging what it could of its position. Consequently, in the absence of large-scale U.S. aid, the prospect in China is for either continuing conflict, with further political and economic disintegration and an expansion of the area of Communist territorial control, or the eventual formation of a coalition government through Soviet mediation and on Communist terms, with a gradual penetration of Communist influence throughout the national administration. In either case acute political and economic disorganisation would prevail in China for many years, preventing an effective consolidation of Soviet control.

22. In Latin America local Communists, isolated from direct Soviet support and operating within the power orbit of the United States, cannot seize and hold political control. The U.S.S.R. therefore pursues limited objectives in that area, its major purpose being to attenuate Latin America's capacity and willingness to give aid to the United States in the event of war. This policy has already succeeded to such an extent that the U.S.S.R. can probably count on its undercover organisations and upon Communist-controlled key labor unions to cut off U.S. access to some of Latin America's strategic materials whenever the U.S.S.R. considers such action desirable. The recently concluded defense pact opens the way to marked improvements in cooperative military defense, but does not affect the scope and direction of these Communist activities and purposes.

33. ORE 55, "The Consequences of the Partition of Palestine," 28 November 1947

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CENTRAL INTELLIGENCE AGENCY

THE CONSEQUENCES OF THE PARTITION OF PALESTINE

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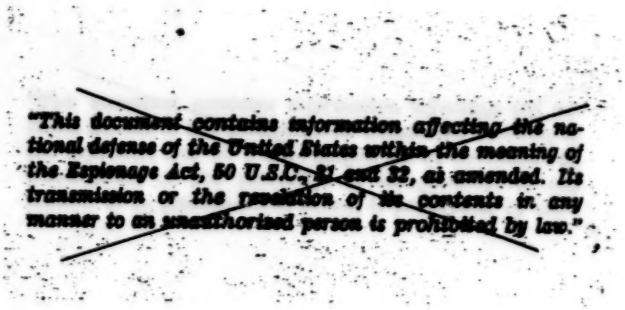

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THE CONSEQUENCES OF THE PARTITION OF PALESTINE

SUMMARY

Armed hostilities between Jews and Arabs will break out if the UN General Assembly accepts the plan to partition Palestine into Jewish and Arab States as recommended by the UN Special Committee on Palestine (UNSCOP).

Inflamed by nationalism and religious fervor, Arabs in Syria, Lebanon, Iraq, Transjordan, Egypt, and Saudi Arabia as well as Palestine are determined to fight against any force, or combination of forces, which attempts to set up a Jewish state in Palestine. While the governments of the Arab states are not expected to make official declarations of war, they will not attempt to keep their people (especially fanatical tribesmen) from joining the battle; they may even encourage such action and furnish clandestine assistance as well.

In composition, the Arab forces will vary from relatively well controlled quasi-military bands to the loose tribal organization of the nomads. The largest number actively engaged against the Jews at any one time will probably be between 100,000 and 200,000. The Arabs are good guerrilla fighters, and they will be well supplied with small arms and will also undoubtedly obtain some planes and tanks.

The Zionists, for their part, are determined to have a state in Palestine or, in the view of extreme elements, all of Palestine and Transjordan as well. Whatever the UN recommends, they will attempt to establish a Jewish state after the British withdrawal (now set by the British for August 1948). The Jews are expected to be able to mobilize some 200,000 fighters in Palestine, supplemented to a limited extent by volunteers and recruits from abroad. The Jewish armed groups in Palestine are well equipped and well trained in commando tactics. Initially, they will achieve marked success over the Arabs because of superior organization and equipment. As the war of attrition develops, however, the Jewish economy (severely strained by mobilization) will break down; furthermore, the Jews will be unable continuously to protect their extended supply lines and isolated settlements or to plant and cultivate their fields in the face of constant harassing, "hit and run" Arab attacks. Without substantial outside aid in terms of manpower and material, they will be able to hold out no longer than two years.

The US, by supporting partition, has already lost much of its prestige in the Near East. In the event that partition is imposed on Palestine, the resulting conflict will seriously disturb the social, economic, and political stability of the Arab world, and US commercial and strategic interests will be dangerously jeopardized. While irresponsible tribesmen and fanatic Moslems are haphazardly blowing up parts of the oil pipelines and attacking occasional Americans, it is possible that the responsible governments will refuse to sign pipeline conventions, oil concessions, civil air agreements, and trade pacts. The various projects which are necessary to raise the standard

Note: This paper has been coordinated with the intelligence organizations of the Departments of State, Army, Navy, and Air Forces.

33. *(Continued)*

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of living cannot be carried through without US assistance and guidance. With the US committed to partition, such developments will be shelved indefinitely. The poverty, unrest, and hopelessness upon which Communist propaganda thrives will increase throughout the Arab world, and Soviet agents (some of whom have already been smuggled into Palestine as Jewish DP's) will scatter into the other Arab states and there attempt to organize so-called "democratic movements" such as the one existing today in Greece.

If the UN recommends partition, it will be morally bound to take steps to enforce partition, with the major powers acting as the instruments of enforcement. The dangerous potentialities of such a development to US-Arab and US-USSR relations need no emphasis.

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THE CONSEQUENCES OF THE PARTITION OF PALESTINE

1. Introduction.

On 1 September 1947 the United Nations Special Committee on Palestine (UNSCOP) completed its report, and a majority of its members recommended partition as the best solution of the Palestine problem. In spite of violent opposition from the Arab states and the possibility that partition would not receive the necessary two-thirds majority in the UNGA, there is no doubt that this type of solution of the Palestine problem has been more seriously studied and more generally accepted than any other. It is important, therefore, to attempt to determine what the consequences of partition will be.

The General Assembly Ad Hoc Committee on Palestine has presented to the GA a partition plan based on the majority report of UNSCOP. Although no final decisions have yet been reached on implementing and enforcing the eventual UN recommendation, certain basic assumptions can be made. If the UNGA (now debating the partition scheme) accepts by a two-thirds majority partition for Palestine, the following situation will result:

a. A sovereign Jewish state, comprising a substantial part of the area of Palestine, will be established.

b. A substantial number of immigrants will be permitted to enter this Jewish state.

c. The Arabs, not only of Palestine but of all the Near East, will strongly oppose both *a* and *b* above, and armed hostilities between Jews and Arabs will take place.

d. Assistance in the form of men, arms, and supplies will be afforded both the Jews and the Arabs from outside Palestine.

e. The United Nations will not immediately organize an international police force to keep the peace in Palestine.

On the basis of these assumptions, three questions must be answered:

a. How will the Arab-Jewish conflict develop, and with what results?

b. How will the stability of the Middle East be affected?

c. How will US strategic and commercial interests be affected?

In order to answer these questions, an examination of the political situation resulting from partition and the military developments which may arise from that situation follows.

2. Political Consequences.

a. Internal Pressures on Arab Governments.

(1) *Nationalist Pressure.*

Arab nationalism is the strongest political force in the Arab world. It grew up in secret societies under Ottoman rule, came out into the open in the Arab Revolt of World War I, and has been the major factor in the independence movement in the Arab world ever since. The independence of all the Arab states in the Near East throws into high relief the continuing mandatory status of Palestine. Because of the strong ties between the various Arab states, political developments in any one country are of vital concern to Arabs everywhere. Palestinian independence is, consequently,

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the major aim not only of the Palestinian Arabs but also of Syrians, Lebanese, Iraqis, Transjordanians, Egyptians, and Saudi Arabians. It would be political suicide for any Arab government to ignore this situation.

The signing of the Arab League Pact in March 1945 was a victory for the Arab nationalists in that it hastened the day when they could form their own bloc in relation to the other great powers of the world.

The Arab nationalist movement in Palestine has been as active as in any other Arab country. The uprisings of 1929 and 1936 demonstrated the strength of this movement. A stamp commemorating the signing of the Arab League Pact in 1945 appeared in Egypt showing a cluster of flags of country members, one of which was a white flag inscribed "Palestine." Palestine has been represented at meetings of the Arab League, first by independent individuals and then by the representatives of the new Arab Higher Committee, formed in 1945. At the conference of the Political Committee of the Arab League in October 1947 it is significant that the Mufti, as Chairman of the Arab Higher Committee, played a leading role. Although the Arab Higher Committee and the Arab League have differed as to the advisability of testifying before UNSCOP, the members of the League are in complete accord over the injustice of partition to the Palestinian Arabs.

The ultimate aim of Arab nationalism is to preserve and enrich the Arab heritage, while the political aims are the independence of all Arab lands and the establishment of some degree of unity among them. The nationalists regard Palestine as the chief stumbling block to the achievement of their political aims. Despite the fact that Arabs and Jews have lived peaceably side by side, determination to make Palestine an independent Arab country is strong in all of the Arab states, from the more educated and ambitious classes down to the poorest and most politically naive peasants. Arab national fervor is so explosive and pervasive a force that Arab government officials who recognise the political implications involved in flouting a UN decision will nevertheless have to oppose any decision for partition or run the risk of losing office.

(2) *Religious Pressure.*

The Arab governments are probably as greatly influenced by religious pressures as they are by nationalist pressures. The Arabs are capable of a religious fanaticism which when coupled with political aspirations is an extremely powerful force. Whether or not the Arab governments are capable of guiding this force is difficult to judge. It is very possible that certain religious organisations will take the initiative in organising Arab resistance in Palestine.

The Ikhwan al Muslimin (Moslem Brotherhood), with headquarters in Egypt, is an organisation of young Moslems founded for the purpose of orienting Arab society in accordance with Islamic ideologies. Branches of the Ikhwan have been formed in Syria and Lebanon, and one of the most active branches is in Palestine. The Ikhwan regards Westernisation as a dangerous threat to Islam and would oppose any political encroachment of Zionism on Palestine with religious fanaticism. Should a "Jihad," or Holy War, be declared, the Ikhwan would be the spearhead of any "crusade." The Grand Mufti, as head of the Moslem Supreme Council, can count on the unanimous

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support of all members of the Ikhwan, who are assured of entrance into Paradise if they die on the field of battle.

(3) *Tribal Pressure.*

The tribes of the Arab countries are a powerful element in the political and military pattern of the Middle East. The tribe is a group of related families under the leadership of a chief (sheikh) which may be joined in a confederacy with other tribes under a paramount sheikh. The economic basis of tribal life is pastoral nomadism involving periodic migrations to seek pasturage for camels, sheep, and horses. The nomad (Beduin) population of Iraq, Syria, Transjordan, and Saudi Arabia has been estimated at 2,800,000.

The conditions of Beduin life have developed a hardy type of fighting man, not only imbued with a warlike tradition (combining religious fanaticism with an enthusiastic devotion to looting, plundering, and raiding) but also trained in the use of small arms and the methods of desert warfare.

Large stipends have been paid annually to the tribes of the Near East by whatever power wished to have their support, whether that power was British, French, or the local Arab government. Since the Arab governments now pay the stipends, they could rely on the tribes within their regions. The tribes would doubtless join the crusade, not only for reasons of Arab patriotism but also for plunder, the assurance of additional stipends, and the thrill of battle. The Syrian Defense Minister stated on 9 October that as the Arabs marched into Palestine they "would be buttressed by 100,000 loot-seeking Beduin described as 'mine fodder'."

The dramatic meeting of 500 Kurdish and Arab tribal sheikhs at Hilla in Iraq in October passed a resolution for a Holy War to defend Palestine. Although Prime Minister Saleh Jabr took the initiative in organising this meeting, it is significant that the Arab and Kurdish leaders (many of whom are hostile to each other) consented to meet and to agree to a common program.

b. *Probable Attitudes of Arab Governments.*

(1) *Toward a Jewish State.*

The Arabs violently oppose the establishment of a Jewish state in Palestine because they believe that Palestine is an integral part of the Arab world. In addition, they fear that the Jews will consolidate their position through unlimited immigration and that they will attempt to expand until they become a threat to the newly won independence of each of the other Arab countries. They believe that not only politically but also culturally the Jewish state threatens the continued development of the Islamic-Arab civilization. For these reasons, the Arab governments will not consider any compromise, and they categorically reject any scheme which would set up a Jewish state in Palestine. The meetings of the Political Committee of the Arab League in Lebanon crystallized this feeling of unanimity. In a note, which represents the views of all the Arab states, the Committee stated, "The Arab governments, themselves, shall not be able to restrain the feelings of their nationals revolting against the oppression falling on them, nor shall they stand with folded arms before a danger threatening all the Arab countries, but rather will they be compelled to take every decisive action which will guarantee resistance to the aggression and the restora-

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tion of justice." In addition, leaders in all the Arab states have stated their determination to resist.

(2) *Toward the UN.*

The Arab governments are embittered by the UNSCOP majority report, which they feel was not arrived at impartially. Speeches made before Zionist groups by the Guatemalan member of UNSCOP, following the return of the committee, have convinced the Arabs that certain members of UNSCOP had made up their minds on the question before the committee undertook its task.

However, the Arab governments are reluctant to break with the UN. At the meeting of the Political Committee of the Arab League in Cairo following the formation of UNSCOP, the Arab states were not willing to follow the lead of the Arab Higher Committee in boycotting the hearings. The Arab governments supported the Mufti in refusing to give testimony within the frontiers of Palestine, but they all presented testimony to UNSCOP subsequently in Beirut.

The Arab governments realize the debt they owe to the UN. The raising of the question of the evacuation of foreign troops from Syria and Lebanon in the UN led to a speedy and satisfactory settlement among the French, British, and Levant States. Egypt has had an opportunity to air its views on the evacuation of British troops from Egypt and its claims to the Sudan. The UN has provided a medium for the immediate recognition and participation in world affairs of the young Arab states. Although the Arab states are adamant in their determination to make Palestine an Arab state, they will probably avoid a complete rupture with the UN should partition be imposed.

(3) *Toward the US and UK.*

Since the Balfour Declaration the British have been the target of Arab political feeling in Palestine. The recommendation for the partition of Palestine as contained in the Peel Report of 1937 resulted in serious anti-British demonstrations by the Arabs. After the dissolution of the first Arab Higher Committee in 1937, the arrest of Arab political leaders, and the escape of the Mufti and others across the border, the Arabs were convinced that Britain was crushing all hopes of Arab political independence in Palestine. Although the Arabs welcomed the White Paper of 1939, they have continued to criticize the British for permitting Jewish immigration on a limited scale and for refusing to disarm the Jewish underground. As a result, however, of the UK's announced decision to terminate the mandate and to withdraw both its troops and administration from Palestine and its refusal to implement by force any settlement not acceptable to both the Arabs and the Jews, British prestige in the Arab world has definitely improved.

US prestige, on the other hand, has steadily decreased with each new indication that the US supports the Zionists. The good will enjoyed by the US at the time of the Roosevelt-Ibn Saud Conference and following US backing of Lebanese and Syrian claims for independence was short lived as a result of President Truman's support of Jewish immigration to Palestine and the Anglo-American Committee report. After the publication of the Anglo-American Committee report, Arab popular feeling expressed itself in the bombing of the US Legation at Beirut and in the attempt to burn

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the USIS office in that city. The Arab governments' official attitudes were made known at the Bludan Conference, in which the US bore the brunt of the attacks. British-sponsored newspapers in the Levant States placed the responsibility for the Anglo-American Committee's findings on the US, indicating that the UK members of the Committee could only follow the recommendations of the US members. Gradually within the last two years, the blame for the Palestine situation has passed from the UK to the US.

Because of long-standing cultural ties between the US and the Arab world, the friendly role that the US played in the achievement of Syrian and Lebanese independence, the partial dependence of certain Arab states on oil royalties from US companies, and the promise of increased royalties in the future, the Arab states would like to maintain friendly relations with the US. The Arab governments realise that without US financial aid and technical assistance, they will be unable to carry through the extensive projects that are needed if the standard of living is to be raised above its present subsistence level. Little of this development will be possible, however, if the US supports a Jewish state in Palestine.

c. *Probable Actions of Arab Governments.*

(1) *Against Palestine.*

In the event of the partition of Palestine, it is unlikely that the Arab governments will openly proclaim war against the Jews. Pressure from the Arab people for an open declaration of war will be strong, but the governments doubtless realise that such a step in defiance of a decision passed by the UN would seriously jeopardise the Arab position in the UN. However, it is probable that large numbers of Arabs from the surrounding countries will join the Arabs residing within Palestine for the war against Zionism. These Arabs will be loosely organised under national leaders and tribal sheikhs. Volunteers will leave the armies, and ammunition and military equipment will find their way from the Arab armies to the resistance movement. The Arab governments, though not officially endorsing such action, will doubtless allow it to continue.

(2) *Against Jews in Arab Lands.*

Before the enunciation of the Balfour Declaration in 1917, the Jews in the Near East fared as well as other minority groups throughout the world. Since 1917, however, they have had to bear the brunt of Arab antagonism to the development of political Zionism in Palestine. In the event of partition, the lives of the million Jews throughout the Arab world (including Palestine) will be imperiled. The lower element in the population would look forward to attacks on Jewish quarters because of the excellent opportunity for looting—as illustrated at the time of the Baghdad revolt in 1941 when the Jewish quarter was attacked. A representative of the Jewish Agency has stated that in the event of partition the 400,000 Jews in the Arab states outside Palestine may have to be sacrificed in the interest of the Jewish community as a whole.

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(3) *Against the US and UK.*

The Bludan Conference of 1946 established a course of procedure* to be followed by the Arab states in the event that the recommendations of the Anglo-American Committee should be implemented. Following the publication of the UNSCOP report and the speech of Secretary Marshall before UNGA, the Arab League Political Committee met and decided in general terms to apply the Bludan recommendations if partition were voted by the UN. However, in the discussions on the manner in which these recommendations should be applied, there was considerable disagreement in the Political Committee. Some of the Arab governments refused to consider a break in diplomatic relations with the Western powers, and others refused to cancel oil concessions. Nevertheless, there is complete unanimity among the Arab states as regards aim. They are all unalterably opposed to the establishment of a Jewish state in Palestine. Whether or not they now agree on retaliatory measures against the US is beside the point; in time US interests will be seriously affected, if not by the decisions of the Arab governments, certainly by the instability and hostility which will inevitably be aroused in the Arab world.

The bombing of the American Consulate General in Jerusalem on 13 October is evidence of the Arab resentment against US support of the majority plan. This action was reported to have been taken by the newly formed Arab terrorist group which calls itself "the Jihad." Whatever the official position of the Arab governments may be, attacks on US property, installations, and personnel by irresponsible groups or individuals can be expected.

d. Aims of Jewish State.

(1) *Consolidation.*

In spite of increasing tension and hostilities between various factions in the Jewish community, it can be expected that all Jewish groups in Palestine will join forces against the Arabs in defense of the newly formed Jewish state. The chief aims of the Jewish government will be organization of defense and increased immigration.

(2) *Territorial Ambitions.*

In the long run no Zionists in Palestine will be satisfied with the territorial arrangements of the partition settlement. Even the more conservative Zionists will hope to obtain the whole of the Negeb, Western Galilee, the city of Jerusalem, and eventually all of Palestine. The extremists demand not only all of Palestine but Transjordan as well. They have stated that they will refuse to recognise the validity of any Jewish government which will settle for anything less, and will probably undertake aggressive action to achieve their ends.

(3) *Soliciting of Foreign Aid.*

The Zionists will continue to wage a strong propaganda campaign in the US and in Europe. The "injustice" of the proposed Jewish boundaries will be exag-

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* The "secret" procedure decided on is reported to include the following provisions:
1. Not to give the US and UK or their local communities any new concessions, economic or otherwise.
2. Not to support US and UK special interests in any educational institution.
3. To institute a "moral boycott" against the US and UK.
4. To consider cancellation of any concession in the Arab world.
5. To make a strong case of the Arab cause before the UN.

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gerated, and the demand for more territory will be made as Jewish immigration floods the Jewish sector. In the chaos which will follow the implementation of partition, atrocities will undoubtedly be committed by Arab fanatics; such actions will be given wide publicity and will even be exaggerated by Jewish propaganda. The Arabs will be accused of aggression, whatever the actual circumstances may be. This propaganda campaign will doubtless continue to influence the US public, and the US Government may, consequently, be forced into actions which will further complicate and embitter its relations with the entire Arab world.

e. Attitude of the USSR.

The USSR's aims in Palestine are: (1) to end the British mandate and bring about the removal of British troops from the area; (2) to keep the situation unsettled; and (3) to take an active part in "maintaining order" in the country. The USSR has been highly successful in carrying out the first two aims—without any effort on its part. The accomplishment of the third aim would give the USSR a base in the heart of the Near East from which to disseminate propaganda, carry on subversive activities, and attempt to organize "democratic movements" in the Arab states.

By first recommending a bi-national state in Palestine, the USSR has made at least a gesture toward the Arabs. By supporting partition, the USSR has set itself up as the champion of minorities and has posed as a power attempting to find the "just solution" for Palestine. The USSR could now logically claim that Kurdistan should be set up as a Kurdish state and that Kars Province of Turkey should be joined to Soviet Armenia.

Meanwhile, the USSR has been actively but secretly assisting the Jews. In addition to reports that the USSR is assisting Jewish underground agents in Europe, large ships filled with illegal immigrants have been leaving the Rumanian port of Constansa. The British have watched with suspicion Soviet "lumber ships" leaving the Black Sea for Palestine which, the British claim, are carrying arms below decks to both the Jews and Arabs in Palestine.

In the event of Arab-Jewish hostilities, the USSR will continue to support the Jews and will probably also attempt covertly to aid the Arabs.

f. Effect on US Economic Interests in Near East.

(1) *Oil.*

If partition is to be implemented in Palestine, it appears unlikely that the Arab governments will initially cancel existing oil concessions. Such action would have the combined effect of alienating the US and cutting off future oil royalties. The subject of cancellation of oil contracts was discussed at the meeting of the Arab League Political Committee in Aley, Lebanon, in October 1947. The Saudi Arabian delegate, stating that the oil companies were private corporations and did not represent the US Government, opposed the Iraqi delegate's stand that the contracts should be cancelled.

However, all oil installations and oil pipelines in the Near East would be endangered. Desert pipelines are vulnerable to attack by small Arab bands, which could cut the lines and disappear before they could be arrested. The Arab governments probably would not support such irresponsible action, but they would not be able to

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stop it. Operations outside the actual oil centers, such as Kirkuk and Dhahran, would be greatly hampered, and the oil companies would be forced to restrict production.

Although existing oil contracts will probably not be cancelled, it is possible that the Arab governments will refuse to enter into any new oil contracts with the US. The Syrian Government, for example, has already postponed ratification of the pipeline agreement with the Trans-Arabian Pipeline Company. Whatever their individual desires may be, pressure from the people as well as from the Arab League as a whole may prevent them from entering into any new concessions.

(2) *Commerce.*

In the event of partition US trade and commercial relations with the Arab world will be seriously affected. The establishment of an Arab boycott, even though only partially effective, would act as a brake on the slowly but steadily improving commercial relations between the US and the Arab states. Such a boycott would also serve as a bar to American participation in projects for the improvement of living standards, increased production, and expanded irrigation programs, many of which would otherwise include the employment of considerable American materials and technical skills. Even more important, perhaps, would be the general instability in the area. Such instability could be expected to reduce the size of US investments in the area as well as the returns from present or contemplated investments, thereby impairing the dollar-earning capacity of the area and its ability to purchase from the US.

It is unlikely that existing air agreements will be cancelled, but the negotiation of new ones may well be delayed throughout the area. Other countries will be quick to take advantage of the inevitable deterioration of relations between the US and the Arab states.

3. MILITARY CONSEQUENCES.

a. The Arab Forces.

(1) *Character.*

The bulk of the Arab forces fighting the Zionists will be semitrained guerrilla groups and loosely organized tribesmen. There are three main sources from which the Arabs can raise men to fight in Palestine: (1) Arab quasi-military organizations led by ex-army officers, which will form the core of the guerrillas; (2) soldiers volunteering from the official armies of the Arab states to participate in action against the Jews; and (3) tribesmen, who will probably be the largest source.

(2) *Strength.*

It is estimated that the largest number of Arabs actively engaged against the Zionists at any one time will be between 100,000 and 200,000, including Palestine Arabs, volunteers, Beduin, and quasi-military organizations from the other Arab states. The armed strength of the Arabs in Palestine itself is estimated at 33,000, most of whom are members of such quasi-military organizations as the Futuwwa, the Najjada, the Arab Youth Organization, and the Ikhwan (Moslem Brotherhood). Moreover, the Ikhwan will send contingents from its Egyptian and Syrian branches, which number 15,000 and 10,000, respectively.

The largest Arab group of potential fighting men is the tribesmen (Beduin) of whom some 30,000 are in the area immediately adjacent to Palestine.

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They are expected to come to the aid of the Palestinian Arabs as soon as hostilities break out, and additional men may be expected to swell the total Arab force as time goes on. Their service will probably be sporadic; but other tribesmen will replace any who drop out of the fighting so that the total Arab strength will undoubtedly be maintained.

The ground forces of the Arab League states (Egypt, Iraq, Lebanon, Saudi Arabia, Syria, Transjordan, and Yemen) total about 223,000 men, including gendarmes, security troops, and police forces. Besides these ground forces, Egypt has a small navy, and several of the states have infant air forces and commercial planes. Although the Arab armies are not expected to be officially committed to the fighting, they will supply leadership to the fighters. These armies may also be asked by the new Arab state to enter Arab Palestine to maintain order.

(3) *Matériel.*

The Arab governments may be expected covertly to furnish arms and ammunition as well as trained military leadership to the guerrillas. Even before World War II, the Arab states had adequate supplies of weapons suitable for guerrilla fighting. These have been supplemented with arms taken from both Axis and Anglo-American dumps following the campaigns in the Near East and North Africa, and with purchase of matériel and equipment from US and UK surplus stocks. Negotiations for the purchase of Czech arms have been reported. The Arabs will, for the most part, rely on small arms rather than the elaborate matériel of modern warfare, though they may be expected to make use of armored trucks and tractors for attacking Jewish settlements. It is also probable that some light tanks and a few planes which can be used for strafing and bombing will find their way into Arab hands.

Supply constitutes no serious problem for the Arabs. Each fighter will carry his own equipment and will be supplied with funds for buying food from sympathetic villagers. The tribesmen, in particular, are hardy and well accustomed to bare subsistence rations and life in the open. Since they will be moving toward Palestine through Arab territory, they will have no difficulty gaining access to the water holes.

(4) *Incentive.*

The chief incentive to many of the leaders of this struggle will be opportunism, coupled with nationalist aspirations and religious fervor. The leaders, in turn, will appeal to the newly awakened nationalism as a strong incentive to many Arabs, particularly the better educated townsmen. Volunteers deserting from the armies of the Arab states probably will not incur the disfavor of their governments, and many will even receive secret encouragement from them. The proclamation of a Jihad will also be employed to secure volunteers although such a proclamation is not expected to kindle a mass uprising. The current drought in the northeastern Arabian desert will make the tribesmen restless, and the promise of loot from Jewish settlements will be attractive to many.

(5) *Organization.*

The Arab forces are expected to vary from relatively well-controlled quasi-military bands to the loose tribal organization of the Beduin, led by their sheikhs. Singleness of purpose will be the main unifying force. Extensive guerrilla warfare in Palestine will give great power to opportunistic, aggressive, extreme nationalist leaders,

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who (in some instances) may even take over the governments of their countries. It has recently been reported that a unified command for all Arab guerrilla forces has been established.

(6) *Course of Action.*

Arab action will be directed not only against the Jews but also against any police force attempting to maintain order in Palestine. Guerrilla action is not anticipated until the final UN decision is made known. The manner and timing of the British withdrawal will be an important factor in the fighting, which is expected to increase steadily in intensity after the British withdrawal, eventually taking the form of an undeclared war of attrition against the Jews.

The Arab is a good guerrilla fighter while relatively few Jewish soldiers have had experience in guerrilla tactics. Furthermore, the terrain of Palestine is well suited to the Arab's traditional method of fighting. The quasi-military groups, composed of ex-army men and townspeople, will specialize in direct assaults on Zionist colonies, demolition of bridges and railroads, and other sabotage. The tribesmen will engage in activities not requiring technical training or extensive coordination such as attacks on isolated villages, assassination, continual sniping to prevent cultivation of the fields, and attacks on transportation, communications, and supply lines. Persistent harassing attacks can be expected in time to wear the Zionist economy to the breaking point.

The Arab intelligence system has always been quick and accurate. The traditional "grapevine" can be supplemented by telecommunications and some aerial reconnaissance. Positions in the highlands will provide good observation posts. Also, since nearly half the population of the Jewish state proposed by UNSCOP will be Arab, the Arabs will have a ready-made "Fifth Column" in enemy territory.

(7) *Sources of Support.*

The bulk of support for the Arab cause will come from the member states of the Arab League. Responsibility for financial support for the Arab cause will devolve primarily upon Egypt, and to a lesser extent upon the states receiving oil royalties, particularly Saudi Arabia. Support in the form of arms and men will come from all the Arab countries, but its extent will be conditioned by availability of transportation, particularly from such countries as Yemen and the more distant parts of Saudi Arabia. Aid from other Moslem areas, such as Pakistan and North Africa, is expected to be limited in quantity and to consist chiefly of money and moral support. Although the USSR has advocated the adoption of the majority report of UNSCOP with certain modifications, the Soviets will probably give covert aid to the Arabs as well as to the Jews in an effort to create chaos in the Near East. The Arabs will, of course, appeal to world opinion, but more for non-interference or for diplomatic support than for armed assistance.

b. *The Jewish Forces.*

(1) *Character and Composition.*

Although it has been estimated that Jewish and Arab forces will be almost equal numerically, the Arabs will have large numbers of replacements while

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the Jews will have no reinforcements unless they can facilitate additional emigration from Europe or obtain volunteers from the United States. The Jews will be well equipped, but it is doubtful whether the amount of ammunition they have on hand will be sufficient for a long campaign.

The Jewish forces in Palestine are composed of three organizations: (1) Hagana, the Zionist army; (2) Irgun Zvai Leumi (IZL); and (3) the Stern Gang. The three groups differ in their tactics and in the degree of ruthlessness employed in their operations, Hagana being the most sensitive to world opinion. IZL and the Stern Gang are illegal terrorist groups engaging in sabotage and assassination.

Hagana is sponsored by the Jewish Agency. The original and largest group, it is left of center in political sympathy. Because of its defensive work, its restraint, and its non-extremist intentions, Hagana is supported by a majority of the Jewish community of Palestine and by most Zionists. It has become primarily an instrument for the advancement of Zionism and would be a ready-made army for a Jewish state in Palestine.

It is estimated that in the event of hostilities Hagana could mobilise about 200,000 men and women with some combat or supply experience. At present Hagana is believed to have approximately 70,000 to 90,000 members organised into territorial commands under a central headquarters and consisting of three branches: (1) the static force; (2) the field army; and (3) the Palmach or storm trooper unit. The static force consists of settlers and townspeople based at Jewish settlements as a sort of home guard. The field army consists of about 16,000 troops trained in mobile operations. The Palmach is composed of approximately 5,000 permanently mobilised troops trained in commando tactics and supplied with their own transportation. It includes a smaller group known as Palyam or Palteck, a kind of coast guard trained especially to assist illegal immigrants arriving by ship.

Social and economic pressure has, in effect, made it compulsory for all able-bodied Jewish men and women in Palestine to serve one year in some armed organization. Thus, a year's term of enlistment is prerequisite to enrollment in Hebrew University. Hagana is well financed by a semi-legal tax imposed upon the settlements by the Jewish Agency, by subscriptions, and by contributions from Jews in other countries. The organization also has European branches.

It has been estimated that enough modern weapons are available to arm up to 200,000 members of Hagana. There are also sufficient automatic weapons for each squad of Palmach, as well as some mortars. Hagana has been procuring arms over a period of years, many from the residue of the campaigns in the Near East and others smuggled in from abroad.

The effectiveness and timing of Hagana's diversionary attacks designed to aid illegal immigration are proof that it possesses an excellent intelligence system and that it maintains a high standard of security. "The Voice of Israel," a clandestine radio, is one of its chief mediums for disseminating propaganda.

The Irgun Zvai Leumi is estimated to have a strength of from 6,000 to 8,000 members. It is organised on a regional basis similar to that of Hagana but is cellular in character. It employs sabotage and terrorism as the "only effective" means of attaining its ultimate objective of an independent state in Palestine and Transjordan.

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IZL is rightist in political sympathy. It has foreign branches and increases its Palestinian membership with illegal immigrants, apparently being more interested in securing new recruits with military abilities than in finding a home for less fortunate "displaced" Jews. IZL members are well armed and trained in sabotage, particularly in the use of explosives. It has been reported, but not confirmed, that IZL and the Stern Gang have sufficient armor plate for transforming 500 to 600 tractors into improvised light tanks and for converting an unestimated number of automobiles into armored cars. IZL is believed to cooperate closely with the Stern Gang, and the two organizations are known to have conducted operations jointly. The infrequency of tactical errors in IZL's operations indicates that the organization has an excellent intelligence system with very tight security. It has its own clandestine radio station known as the "Voice of Fighting Zion."

The Stern Gang consists of from 400 to 500 extreme fanatics. They do not hesitate to assassinate government officials and police officers or to obtain funds by acts of violence against Jews as well as others. Like IZL, they are well supplied with small arms, and the security of the group is excellent as its organization is limited to cells of three.

The founders of the Stern Gang were formerly members of IZL. However, when IZL restrained its activities against the British during the early days of World War II, the most extreme section of its membership formed a more terroristic body called FFI (Fighters for the Freedom of Israel) but more commonly known as the Stern Gang. The political connections of the organization are paradoxical and appear to be the result of opportunism born of necessity. Recent reports confirm the fact that the Stern Gang has connections with the USSR, which is furnishing it with money. The organization has stated that it considers a turn towards Soviet Russia necessary because of the present world situation. It explains that the USSR and the Stern Gang both desire the creation of a "strong and independent Palestine" which would constitute a rampart against British "imperialist designs" but would "not be hostile" to the Soviet Union.

(2) *Course of Action.*

In the face of an Arab attack, the three Jewish armed groups will be forced to unite. Members of IZL and the Stern Gang will probably be assimilated into Hagana, which is already established along military lines and could readily absorb the other two groups into its commando units. Initially, the Jews will gain marked success over the Arabs because of superior organization and equipment, but the Jews will be unable to stand up under the long war of attrition which will develop.

The Jewish sections of a Palestine partitioned in accordance with the UNSCOP majority report will be vulnerable to attack by the Arabs. The northeast sector is entirely surrounded by Arabs: Palestinian on the south and west, Lebanese and Syrian on the north, and Transjordanian on the east. The central Jewish sector is flanked on the east by the central Arab sector, while the southern Jewish sector is surrounded by Palestinian Arabs on the west and north, Transjordanian on the east, and Egyptian on the south. The Arab sectors contain the strategic highlands of Galilee and those surrounding the proposed international zone of Jerusalem.

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Two major difficulties facing the Jews will be the large numbers of Arabs within Jewish territory (in the northeast Jewish sector, for instance, there are some 72,700 Arabs as opposed to 44,700 Jews) and the extreme vulnerability of outlying Jewish settlements and supply routes to Arab attack. The Jews will be forced to expend a large proportion of their forces in static defense of isolated villages and colonies, or organize many mobile units in key locations so that settlements under attack can be aided quickly. Furthermore, many units will have to be used to convoy supply caravans. The establishment of strong defensive positions, within which normal economic life can be maintained, and the protection of transportation routes will be the main strategy of the Jewish forces. The Zionist colonies are estimated to have sufficient stores of food for a month's supply. Owing to the fact that many agricultural laborers will be engaged in combat and that Arab attacks will prevent cultivation of the fields, the Jews will have difficulty in producing food. Moreover, mobilization over a long period of time will so strain the manpower of the Jewish community that its economy will collapse unless large numbers of immigrants and substantial material assistance are supplied from abroad.

The Jews may be expected to employ small-scale, commando-type offensive operations against Arab concentrations if they are able to locate them, or attempts may be made to pursue retreating Arab raiders. Large-scale Jewish efforts to penetrate territory adjoining the contemplated Jewish state are unlikely because such actions would necessitate over-extending the already vulnerable supply lines and would entail the risk of combined rear, frontal, and flanking attacks by Arabs.

It is a distinct strategic advantage to the Jews that the important port of Haifa and the smaller port of Tel Aviv are included in the Jewish sectors, since any assistance to the Jews in the event of open conflict will come from the west.* It is expected, however, that all cities will be centers of heavy fighting.

c. *European Support for Jewish Forces.*

There is already in existence a well organized system for transporting Jewish DP's from Eastern Europe southward, particularly through the Balkans, to Palestine. In the event of an Arab-Jewish conflict, this system would be employed to furnish manpower to the Jewish forces in Palestine.

Jewish immigrants from Poland, the Soviet Zone of Germany, Hungary, and the Balkans are gathered together in Austria, Italy, and Germany for transportation to Palestine. It has been estimated that about 1,800 Jews cross into Austria every month. In Italy, Hagana is reportedly operating a secret immigration service for the estimated 30,000 Jewish refugees registered there. Both the Rumanian and Bulgarian Governments are helping Jews reach Black Sea ports in order to board ships which attempt to run the blockade into Palestine.

There has been some evidence that European agents of IZL and the Stern Gang have been trained and are assisted by the USSR. The Jews will doubtless continue to solicit aid from the USSR, but in the event of a Jewish-Arab war, it is unlikely that either side would receive overt material aid from the USSR or its satellites, with the

* The predominantly Arab port of Jaffa, although allocated to the Arab state by UNSCOP, is cut off from the Arab hinterland and thus will not be immediately useful to the Arab forces in the event of war.

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exception of Czechoslovakia. France and Belgium, as well as Czechoslovakia, are thought to be likely sources of arms and ammunition for the Jewish forces. There have been unconfirmed reports of smuggling from France, Belgium, and Luxembourg for Jewish terrorist groups in Palestine. The Czechs are reported willing to sell arms to the Arabs; they would also be willing to supply arms to the Jews if the transaction were financially advantageous. No estimate can be made of the amount and types of weapons which would be supplied.

d. Support Obtainable in the US.

No information is available upon which to base an estimate of the specific number of volunteers or the amount of funds and supplies to be made available to Jewish armed forces from US sources.

The Zionist movement is very strong in the US, but every organization claiming to represent all American Jewry does not in fact do so, and many Zionist organizations, while supporting the objectives of a National Home for Jews, do not advocate an independent Jewish nation in Palestine. The American Jewish Conference, the Jewish Congress, the New Zionist Organization, and the American League for a Free Palestine are among the leading groups interested in the political aspects of Zionism which may be expected to support Jewish forces. The principal non-Jewish bodies espousing the Zionist cause are the American Palestine Committee, headed by Senator Robert F. Wagner of New York, the Christian Council on Palestine, and the Political Action Committee for Palestine, Inc. The last-named organization has recently expended approximately $30,000 for purely military supplies. Because it is illegal to supply arms from the US to Jewish groups in Palestine, figures are difficult to obtain, although part of most Zionist funds collected is probably allotted to the purchase of military supplies.

While no authentic figures are available, it is estimated that support of Jewish armed forces by US private organizations will be on the order of, or somewhat greater than, similar support by US citizens of Government forces in the Spanish Civil War.

4. Conclusions.

If the UNGA accepts partition as the best solution of the Palestine problem, it is almost certain that armed hostilities will result in Palestine; that the social, economic, and political stability of the Arab world will be seriously disturbed; and that US commercial and strategic interests in the Near East will be dangerously jeopardized. Although the UNGA Ad Hoc Committee on Palestine is now considering establishing a Commission responsible to the Security Council to oversee the implementation of partition, it is unlikely that any sizable international police force will initially be available to the Commission. It is highly probable, therefore, that Jewish and Arab forces will clash over the attempt of the Jews to establish a Jewish state.

Into this struggle between the Jews and Arabs of Palestine, the people of the Arab states will inevitably be drawn. Although most of the Arab governments will be reluctant to act in opposition to a UNGA decision and against the wishes of the major powers, nationalist, religious, and tribal pressures will compel them to support unofficially the Palestine Arabs. Inevitably the extremists, the chauvinists, will increase their influence at the expense of those statesmen in the Arab world who believe that the development of their countries depends on the maintenance of close ties with the

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US and the UK. While irresponsible tribesmen and fanatic Moslems are haphazardly blowing up parts of the pipelines and attacking occasional Americans, it is possible that the responsible governments will refuse to sign pipeline conventions, oil concessions, civil air agreements, and trade pacts. The various projects which are necessary to raise the standard of living cannot be carried through without US assistance and guidance. With the US committed to partition, such developments will be shelved indefinitely. The poverty, unrest, and hopelessness upon which Communist propaganda thrives will increase throughout the Arab world, and Soviet agents (already being smuggled into Palestine as Jewish DP's) will scatter into the other Arab states and there attempt to organize so-called "democratic movements" such as the one existing today in Greece.

In the meantime, the war in Palestine, barring international armed intervention, will increase in intensity. The Jewish forces will initially have the advantage. However, as the Arabs gradually coordinate their war effort, the Jews will be forced to withdraw from isolated positions, and having been drawn into a war of attrition, will gradually be defeated. Unless they are able to obtain significant outside aid in terms of manpower and matériel, the Jews will be able to hold out no longer than two years.

The UN, having recommended partition, would have to consider the serious threat to the peace resulting from the recommendation. It would, in effect, be compelled to take steps to enforce partition, with the major powers acting as the instruments of enforcement. The dangerous potentialities of such a development to US-Arab and US-USSR relations need no emphasis.

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34. National Security Council, NSCID 1, 12 December 1947

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12 December 1947

COPY NO. 57

NATIONAL SECURITY COUNCIL INTELLIGENCE DIRECTIVE NO. 1

DUTIES AND RESPONSIBILITIES

Pursuant to the provisions of Section 102 of the National Security Act of 1947, and for the purposes enunciated in paragraphs (d) and (e) thereof, the National Security Council hereby authorizes and directs that:

1. To maintain the relationship essential to coordination between the Central Intelligence Agency and the intelligence organizations, an Intelligence Advisory Committee consisting of the respective intelligence chiefs from the Departments of State, Army, Navy, and Air Force, and from the Joint Staff (JCS), and the Atomic Energy Commission, or their representatives, shall be established to advise the Director of Central Intelligence. The Director of Central Intelligence will invite the chief, or his representative, of any other intelligence Agency having functions related to the national security to sit with the Intelligence Advisory Committee whenever matters within the purview of his Agency are to be discussed.

2. To the extent authorized by Section 102 (e) of the National Security Act of 1947, the Director of Central Intelligence, or representatives designated by him, by arrangement with the head of the department or agency concerned, shall make such surveys and inspections of departmental intelligence material of the various Federal Departments and Agencies relating to the national security as he may deem necessary in connection with his duty to advise the NSC and to make recommendations for the coordination of intelligence activities.

3. Coordination of intelligence activities should be designed primarily to strengthen the overall governmental intelligence structure. Primary departmental requirements shall be recognized and shall receive the cooperation and support of the Central Intelligence Agency.

a. The Director of Central Intelligence shall, in making recommendations or giving advice to the National Security Council pertaining to the intelligence activities of the various Departments and Agencies, transmit therewith a statement indicating the concurrence or non-concurrence of the members of the Intelli-

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gence Advisory Committee; provided that, when unanimity is not obtained among the Department heads of the National Military Establishment, the Director of Central Intelligence shall refer the problem to the Secretary of Defense before presenting it to the National Security Council.

b. Recommendations of the Director of Central Intelligence shall, when approved by the National Security Council, issue as Council Directives to the Director of Central Intelligence. The respective intelligence chiefs shall be responsible for insuring that such orders or directives, when applicable, are implemented within their intelligence organizations.

c. The Director of Central Intelligence shall act for the National Security Council to insure full and proper implementation of Council directives by issuing such supplementary DCI directives as may be required. Such implementing directives in which the Intelligence Advisory Committee concurs unanimously shall be issued by the Director of Central Intelligence, and shall be implemented within the Departments and Agencies as provided in paragraph b. Where disagreement arises between the Director of Central Intelligence and one or more members of the Intelligence Advisory Committee over such directives, the proposed directive, together with statements of non-concurrence, shall be forwarded to the NSC for decision as provided in paragraph a.

DCI

4. The Director of Central Intelligence shall produce intelligence relating to the national security, hereafter referred to as national intelligence. In so far as practicable, he shall not duplicate the intelligence activities and research of the various Departments and Agencies but shall make use of existing intelligence facilities and shall utilize departmental intelligence for such production purposes. For definitions see NSCID No. 3.

5. The Director of Central Intelligence shall disseminate National Intelligence to the President, to members of the National Security Council, to the Intelligence Chiefs of the IAC Agencies, and to such Governmental Departments and Agencies as the National Security Council from time to time may designate. Intelligence so disseminated shall be officially concurred in by the Intelligence Agencies or shall carry an agreed statement of substantial dissent.

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34. (Continued)

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6. When Security Regulations of the originating Agency permit, the Director of Central Intelligence shall disseminate to the Federal Bureau of Investigation and other Departments or Agencies intelligence or intelligence information which he may possess when he deems such dissemination appropriate to their functions relating to the national security.

7. The Director of Central Intelligence shall perform for the benefit of the existing intelligence Agencies such services of common concern to these Agencies as the National Security Council determines can be more efficiently accomplished centrally.

8. The intelligence organizations in each of the Departments and Agencies shall maintain with the Central Intelligence Agency and with each other, as appropriate to their respective responsibilities, a continuing interchange of intelligence information and intelligence available to them.

9. The intelligence files in each intelligence organization, including the CIA, shall be made available under security regulations of the Department or Agency concerned to the others for consultation.

10. The intelligence organizations within the limits of their capabilities shall provide, or procure, such intelligence as may be requested by the Director of Central Intelligence or by one of the other Departments or Agencies.

11. The Director of Central Intelligence shall make arrangements with the respective Departments and Agencies to assign to the Central Intelligence Agency such experienced and qualified officers and members as may be of advantage for advisory, operational, or other purposes, in addition to such personnel as the Director of Central Intelligence may directly employ. In each case, such departmental personnel will be subject to the necessary personnel procedures of each Department.

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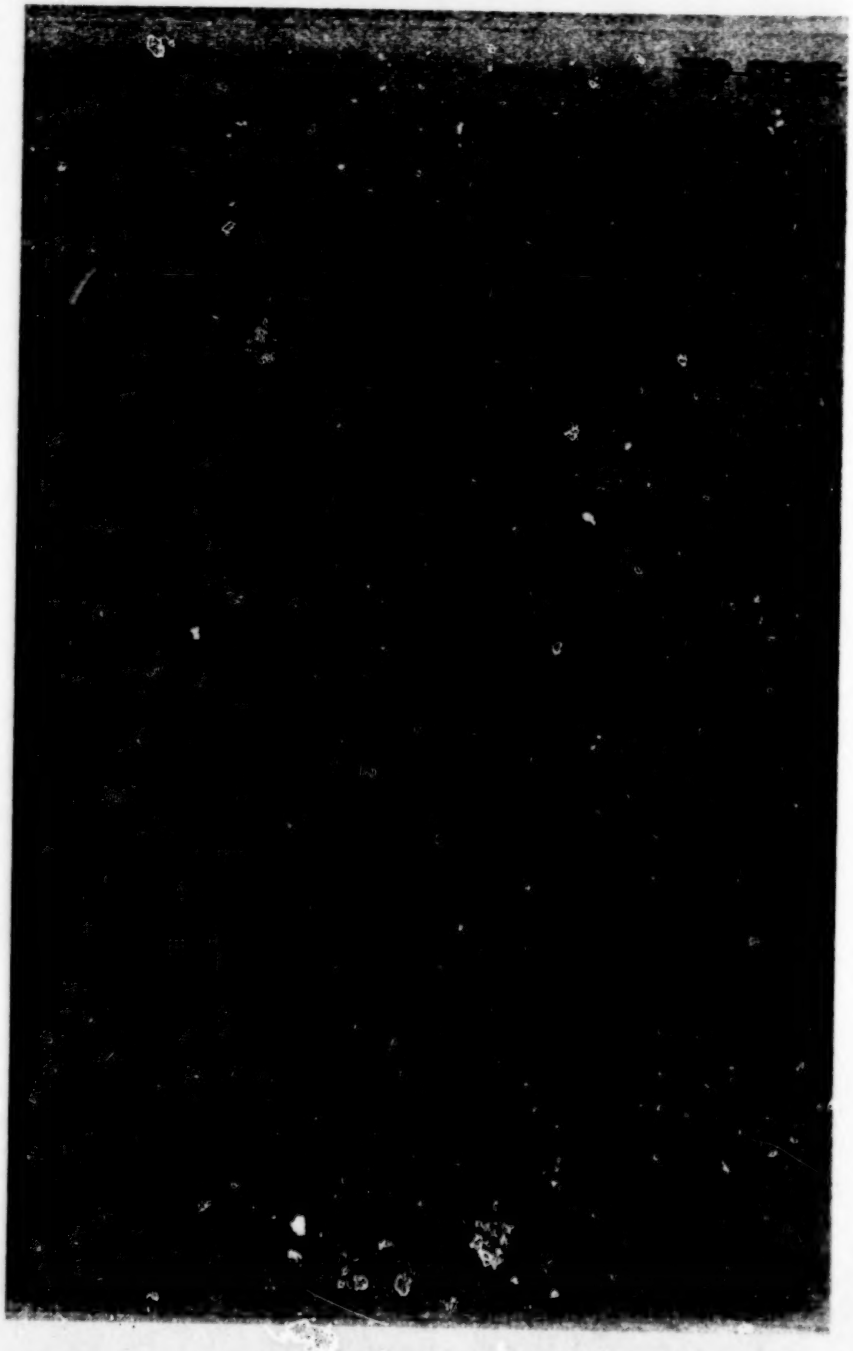
35. National Security Council, NSC 4-A, 17 December 1947 (Photograph)



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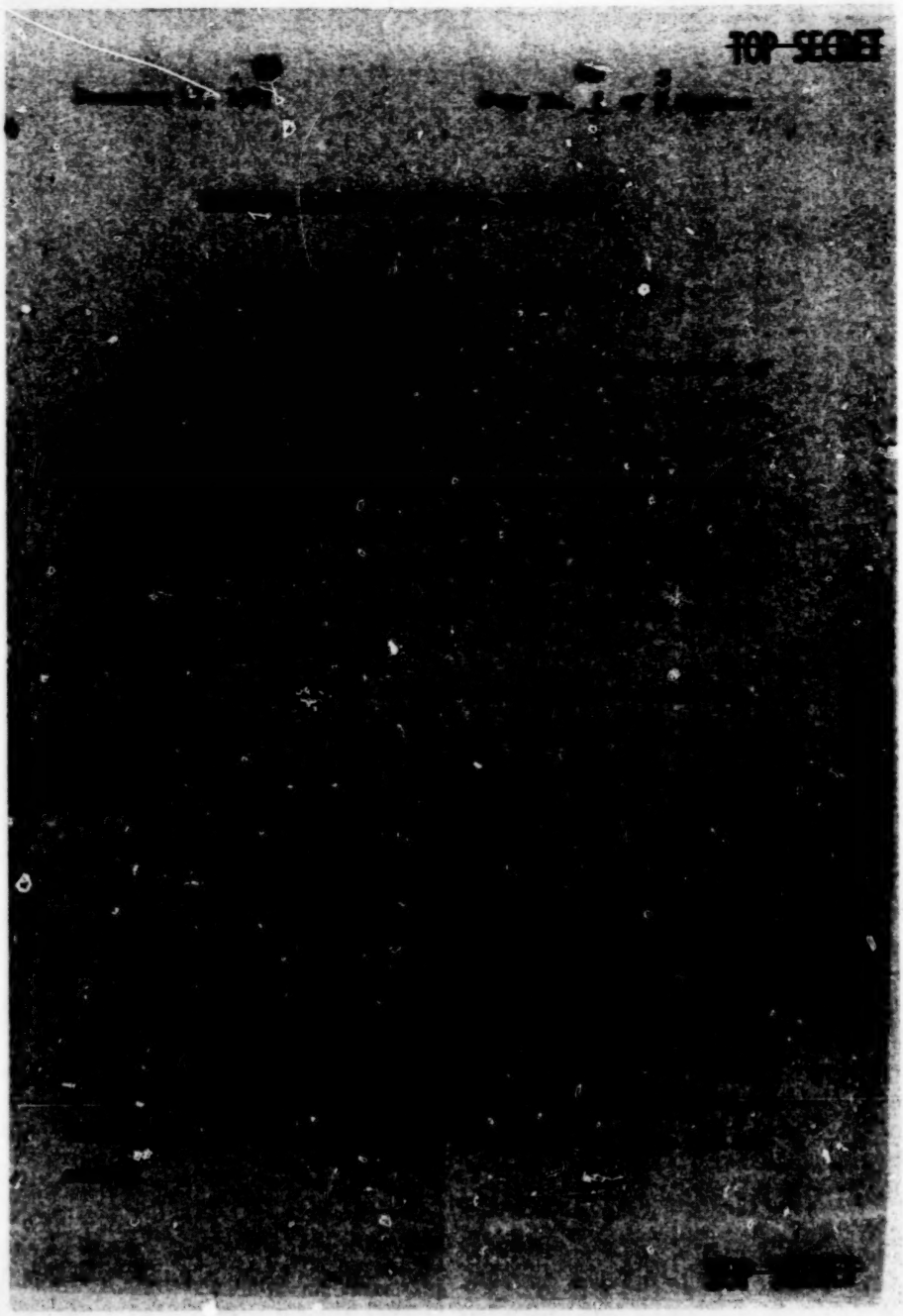

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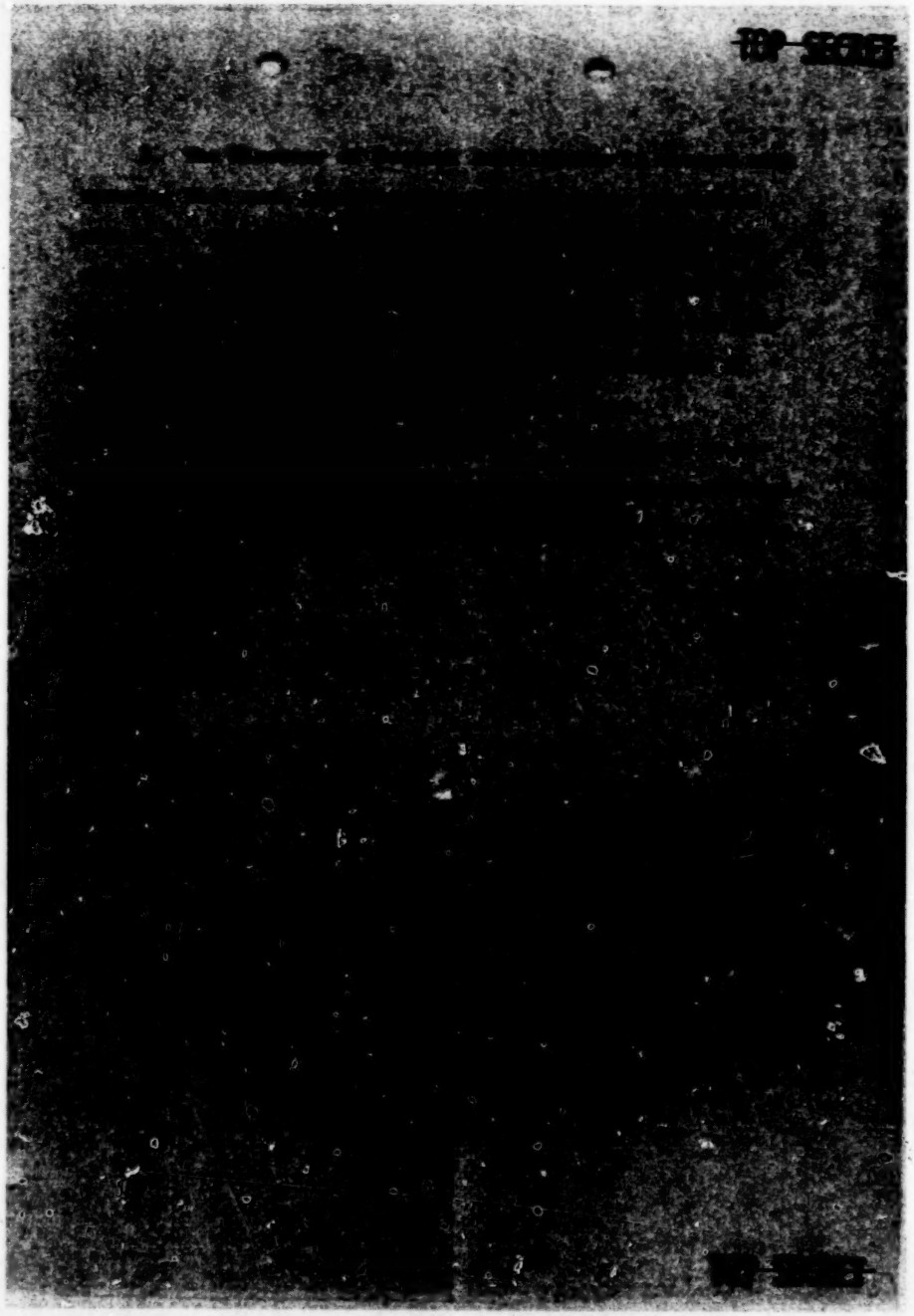

36. National Security Council, NSCID 7, 12 February 1948
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NSCID 7 SECRET

12 February 1948 COPY NO. 26

NATIONAL SECURITY COUNCIL INTELLIGENCE DIRECTIVE NO. 7

DOMESTIC EXPLOITATION

Pursuant to the provisions of Section 102 of the National Security Act of 1947, and for the purpose enunciated in paragraphs (d) and (e) thereof, the National Security Council hereby authorizes and directs that:

1. The Central Intelligence Agency shall be responsible for the exploitation on a highly selective basis, within the United States of business concerns, other non-governmental organizations and individuals as sources of foreign intelligence information.

2. To implement this undertaking, the Central Intelligence Agency shall:

a. Determine the foreign intelligence potential of sources so that the best available may be selected expeditiously for exploitation upon the receipt of collection requests from the intelligence agencies. For this purpose, CIA will maintain a central index of non-governmental sources in the United States.

b. Establish uniform procedures and standards for security clearance of all contacts in this field, and arrange such clearances.

c. Establish uniform procedures to insure that the interests of organizations and individuals contacted will not be jeopardized.

d. Collect through the establishment of field offices within the United States, foreign intelligence information required in the interests of the national security or by the individual intelligence agencies.

e. Arrange for direct contact between intelligence agency representatives and non-governmental sources within the United States whenever conditions require such action or upon the request of a member agency to secure technical or other foreign intelligence information.

f. Obtain the agreement of responsible policy-making officials of American organizations having a foreign intelligence potential before establishing and maintaining contacts within that organization.

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36. (*Continued*)

f. Inform the intelligence agencies of the prospective departure or return to the United States of selected American citizens having a high foreign intelligence potential, so that the agencies may furnish requirements or provide specialists for briefing or interrogation.

g. Disseminate to the appropriate agencies all foreign intelligence information obtained through this program. Reports produced by the agencies shall be identified as such, unless the originating agency stipulates to the contrary.

3. Further to implement this undertaking the intelligence agencies shall:

a. Assign to duty in the Central Intelligence Agency field offices, if they do desire and within their capabilities, representatives to serve their interests under the direction of the CIA managers. Member agencies may, at their discretion, establish active working liaison between their Regional Offices and CIA Field Offices.

b. Send directly to the Central Intelligence Agency for collection all their requests for foreign intelligence information to be obtained from non-governmental sources within the United States.

c. Transmit to the Central Intelligence Agency for appropriate dissemination full information and reports resulting from approved direct contacts by agency representatives with non-governmental sources, identifying such sources by CIA code number.

d. Obtain, to the maximum extent possible, from their departments and agencies the foreign intelligence information which the departments and agencies have received as a by-product of the normal relationship with business concerns and other non-governmental organizations and individuals in the United States in connection with non-intelligence activities, and transmit to the maximum extent possible, the information to the Central Intelligence Agency for editing for source security and for appropriate dissemination.

e. Obtain, in so far as is practicable, and within existing security regulations, from their departments and agencies information concerning business concerns and other non-governmental organizations and individuals in the United States having foreign intelligence potential, which the department or agency possesses or subsequently acquires, and make the information available to the Central Intelligence Agency.

36. (*Continued*)

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f. Nominate representatives to serve on a committee under the chairmanship of the Central Intelligence Agency, to meet periodically to consider mutual problems and interests in connection with this program.

4. Further the implement this undertaking, the National Security Resources Board and the components of the Military Establishment, other than the components represented on the IAC, shall furnish directly to the CIA, to the maximum extent possible all foreign intelligence information which is received as a by-product of their normal relationship with business concerns and other non-governmental organizations and individuals in the United States, in connection with non-intelligence activities.

5. Nothing in this program shall be interpreted to affect the established relationship of the Departments and Agencies with business concerns, other non-governmental organizations, and individuals in the United States for purposes other than the procurement of foreign intelligence information. Nor shall it affect the normal interchange of documents between libraries of the departments and other libraries, or the development of research projects with individuals or non-governmental institutions.

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37. ORE 47/1, "The Current Situation in Italy," 16 February 1948

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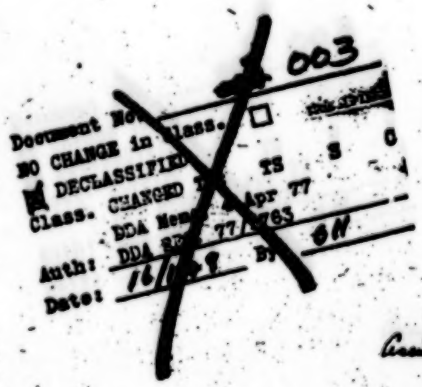
CENTRAL INTELLIGENCE AGENCY

THE CURRENT SITUATION IN ITALY

This document has been approved for release through the HISTORICAL REVIEW PROGRAM of the Central Intelligence Agency.

Date 21 Jul 93

HRP 92-4



ORE 47/1

Published on
16 FEBRUARY 1948

Copy No. 81

for the
Assistant Director for Operations

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37. (*Continued*)

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37. (*Continued*)

ORE 47/1 [redacted]

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THE CURRENT SITUATION IN ITALY

SUMMARY

Because of its position on the edge of the Soviet sphere, Italy is important in terms of US security. The present Italian Government, composed of centrist Christian Democrats and a few representatives of the moderate Left, is anti-Communist and Western-oriented. Mainly because of Vatican support and popular association with US aid, Premier De Gasperi's Christian Democratic Party stands out as the strongest opponent of Italian Communism. Certain members of the Moderate Left, however, are also attempting to form an electoral combination to combat the Communist-led *People's Bloc* in the spring elections. Rightist factions in Italy have no leader comparable to De Gaulle but are unanimous in their opposition to Communism and, therefore, find it expedient to support a Western orientation.

The present Government will continue without radical change until the national elections in April, the outcome of which will be influenced by the results of US interim aid and the prospect for the ERP. It appears that neither the Communist-led bloc nor the Christian Democrats will gain a clear-cut majority and that the moderate Left will probably do poorly. As a result, the rightist parties will hold the balance of power.

Having failed to win dominance through the elections, the Communists are expected to launch a campaign of general strikes, or even to attempt armed insurrection should the Kremlin find such extreme measures necessary.

In the event of a Communist uprising, the Italian Government's armed forces would be capable of maintaining internal security provided: (1) the current reorganization had achieved an integrated defense system; (2) additional modern equipment had been secured; and (3) the Communists had not received appreciable outside aid. The armed forces are incapable of offensive and could fight only a limited defensive war.

The Communists are believed to possess the military capacity of gaining temporary control of North Italy. If they receive material assistance from Yugoslavia and/or France, the Government will require foreign aid to regain control of the area.

Although US interim aid totaling some 200 million dollars will provide food and fuel to prevent extreme hardship until 31 March 1948, most Italians are still enduring privations and are dissatisfied with their working and living conditions. The cessation of essential imports from abroad would lead to a politically explosive situation.

Current foreign policy is basically influenced by problems of economic rehabilitation. The country looks to the US for necessary economic aid and protection against Soviet and Yugoslav demands. Because Yugoslavia continues its attempts to gain complete control of the Free Territory of Trieste, the US and UK are determined to postpone appointment of a governor indefinitely.

Note: The information in this report is as of 26 January 1948, at which time the report was submitted to the member agencies of the Interdepartmental Advisory Council for coordination.

The intelligence organizations of the Departments of State, Army, Navy, and Air Force have concurred in this report.

37. *(Continued)*

[redacted]

THE CURRENT SITUATION IN ITALY

1. IMPORTANCE OF ITALY.

It is of vital strategic importance to prevent Italy from falling under Communist control. Such a development would have demoralising effect throughout Western Europe, the Mediterranean, and the Middle East. In particular, it would greatly facilitate Communist penetration in France, Spain, and North Africa. Militarily, the availability to the USSR of bases in Sicily and southern Italy would pose a direct threat to the security of communications through the Mediterranean. Italy, however, is of relatively little direct value to the United States. The present and prospective political, economic, and military weakness of the country is such as to render it a strategic liability rather than an asset, except insofar as its territory constitutes a potential base of operations.

Currently, the importance of Italy in terms of US security is in its position on the edge of the Soviet sphere and in the non-Communist and Western orientation of its Government. Furthermore, the successful implementation of the European Recovery Program (ERP) depends to some extent upon the effective participation of Italy's industries and surplus workers.

2. POLITICAL SITUATION.

The present Government consists of a coalition of the centrist Christian Democrats (the majority party) and the moderate Left (the Republicans and the Saragat — right-wing — Socialists) plus a few independents. Because of its substantial parliamentary majority, the parliamentary position of the Government is secure until the April elections. Furthermore, its prestige has been relatively improved in recent weeks by evidence of US aid and interest in Italy's recovery and independence. The Government has also increased its prestige and its popular following by its firmness during the recent wave of strikes and agitation.

The Christian Democratic Party, led by Premier Alcide De Gasperi, stands out as the principal opponent of the strong leftist bloc. Its political assets are essentially the following: its possession of necessary US friendship and of promises of aid for Italy's recovery, its calm and firm insistence on law and order against Communist violence, its centrist position, and its support by the Church. Furthermore, in recent months the Party through Premier De Gasperi has cooperated with progressive elements in inaugurating several essential economic reforms and in granting concessions to workers. The Party, however, suffers from the onus of responsibility for a huge government deficit and failure to close the gap between wages and the cost of living despite some progress in its anti-inflationary program. Its prospects in the national elections are good, mainly because of Church support and the popular association of the Party with US aid.

The leftist block is led by the Communists and includes the Nenni (left-wing) Socialists, the Labor Democrats, and remnants of the Action Party. Their combined popular strength is believed approximately equal to that of the Christian Democrats. The

Communists are using the same political device so successful in other countries, namely the People's Front—recently called the Popular Democratic Front for Liberty, Peace, and Work—to gather all "the forces of democracy" in the campaign against "the forces of reaction." To this end they have also organized a strong "labor-management" movement among industrial and agricultural workers, and a "League of Communes," an association of towns and villages which have Communist or Socialist Mayors and Councilmen. The Communists are energetically promoting the expansion of women's and youths' organizations.

Between the two major opponents are the Saragat (right-wing) Socialists, and the Republicans. These two left-of-center parties, which joined the Government in mid-December, have not been in a position to assert themselves or impress the public either with a specific attractive program or with direct tangible results of their governmental participation. At present, both parties have proposed to join in a "Democratic League" as a counter-weapon to the Communist "Popular Democratic Front." Unless this Republican-Socialist bloc should attract many dissident elements from Left and Right, these moderate parties are expected to secure not more than 5 to 10% of the national vote.

To the right of the Christian Democrats is a recently formed "National Bloc" under the leadership of aged ex-Premier Nitti, who has temporarily, at least, brought together followers of his National Reconstruction Union, the Liberal Party, Giannini's much reduced following in the Common Man Front, and some splinter rightist groups. On the extreme right are two neo-Fascist organizations, the Italian Social Movement and the Nationalist Movement for Social Democracy. It is quite apparent that as yet no leader comparable to De Gaulle in France has appeared to unite the various rightist factions. All, however, are unanimous in their opposition to Communism and, therefore, find it expedient to support a Western orientation.

Despite the variety of political parties and views, the position of the present Government is secure at least until April because US interim aid has assured enough food and fuel to alleviate the hardships of the winter months. Basic adverse economic conditions and widespread unemployment continue to stimulate popular discontent which the Government can allay only by holding out the hope of the ERP.

3. ECONOMIC SITUATION.

The Italian economy, normally dependent upon imports, currently requires substantial imports of foodstuffs, fuel, and certain raw materials from the US in order to maintain minimum food rations and enable production to attain a higher level of recovery. US interim aid totaling about 200 million dollars will provide food and fuel to prevent extreme hardship until 31 March 1948, but the Government may be confronted with the politically disastrous necessity of reducing bread rations before the forthcoming elections.

In recent months the Italian Government has taken several steps to put the Italian economy on a sounder basis. Tight restrictions have been placed upon bank credit; exchange controls have been improved for the marshaling and allocation of

foreign exchange, and the exchange rate of the lira has been adjusted to realistic levels. Considerable success has been achieved, through tight credit controls, in checking rising prices, particularly of raw material and semiprocessed goods prices, and the cost-of-living rise has been slowed. Although the anti-inflationary measures have caused some increase in business failures, this result undoubtedly is more than offset by the benefits of the program.

The strikes and demonstrations of November and December 1947, while disruptive, were not of sufficient duration to set back appreciably industrial production which, during 1947, increased approximately 35% over that of 1946. Concessions to strikers and unemployed, however, are placing an increased burden on the budget which is still running a substantial deficit.

Most Italians are still enduring severe privations and are dissatisfied with their working and living conditions. More than a million workers are completely without work and many others are only partly employed. Lack of adequate wheat supplies have already caused the suspension of the pasta ration and the substitution of rice.

The general economic situation, therefore, is still conducive to agitation and unrest. The cessation of essential imports from abroad, particularly from the US, would lead to a politically explosive situation highly favorable to the Communist cause, especially with national elections impending.

4. MILITARY SITUATION.

The Italian armed forces are limited by treaty to an over-all strength of 300,000 men. For economic reasons, their actual strength is only 286,000, including a recent increase in the Carabinieri (internal security troops) from 65,000 to 75,000. The armed forces are loyal to the Government and generally anti-Communist in sentiment. Training is fundamentally good, and morale is improving.

The Italian Government, fearful of a Communist uprising, has recently increased the size of the Pubblica Sicurezza (security police), which is expected to reach 80,000 by the end of February 1948. The Government has also appealed to the US for additional equipment to supplement obsolescent and insufficient material, and negotiations are in progress. Provided Italy is able to secure additional equipment and to achieve an integrated defense system (organization of which is now in progress), and provided the Communists do not receive appreciable aid, the armed forces are capable of maintaining internal security. They are incapable of waging offensive war. If attacked by a relatively well armed power such as Yugoslavia, for example, Italy could at best fight a brief delaying action.

5. FOREIGN POLICY.

Italy's post-war policy is basically influenced by its immediate problems of economic rehabilitation. It looks primarily to the US for aid in regaining its prewar international position and resisting any future Yugoslav and Soviet demands and threats. When reparations payments begin in 1949, Italian economy will be brought inevitably into closer relationship with the USSR. More immediately the USSR can use part of its present wheat surplus to bolster the position of the Italian Communists before the

national elections this spring. Hence, eventual Eastern orientation through economic necessity cannot be entirely discounted.

Italy has already resumed diplomatic relations with all the major and many of the minor powers of the world and has concluded commercial and/or emigration agreements with numerous countries. With active US sponsorship, Italy has applied for membership in the UN. Italy is particularly desirous of working legally for a revision of "punitive" peace terms.

As illustrations of Italy's willingness to contribute to world cooperation: the new Italian Constitution contains a clause which permits limitations on the national sovereignty; Foreign Minister Sforza is an outstanding exponent of the idea of a United States of Europe; and Italy has already taken steps toward a Franco-Italian customs union looking ultimately to a European economic union.

6. PROBABLE DEVELOPMENTS.

The present Government will continue without radical change until the national elections in April.

The Communists and Nenni Socialists will strive, as they did during 1947, to discredit the Government and interfere with Italian economic recovery under the ERP. Hunger and inflation will continue to afford many opportunities for valid strikes. Such strikes, if concluded advantageously for the workers, will enhance the prestige of the Communist leaders of the Italian General Confederation of Labor. These strikes will also financially embarrass the Italian Government whose budget needs all available revenue. The Communists will continue to devote considerable money and all their organizational energies to activities and maneuvers which may be concomitantly preparations for a general strike, for a possible insurrection, or for a campaign to improve Communist prospects in the national elections.

The outcome of these elections will be influenced by the results of US interim aid and the prospects for successful implementation of the proposed European Recovery Program. Favorable developments in this connection would operate to the decided advantage of the present Government, led by the Christian Democratic Party.

Despite the granting of US aid and other evidence of US support, the leftist bloc has not lost strength and the Christian Democrats (and their allies) have not gained any considerable political following. Hence, it appears that neither will gain a clear-cut majority in the April elections; the leftist bloc and the Centrists will each probably receive approximately 30 to 40% of the vote. The balance of power will thus be held by the rightist parties with approximately 15 to 25%. Hence, the next Government would probably be headed by the Christian Democrats with rightist support. Because such a coalition would be bound together largely by common opposition to Communism, it would suffer from clashing policies and programs.

Following the failure of the Communists to win power at the elections and conceivably before the elections are held, the Communists are expected to launch a campaign of general strikes. Should the Kremlin decide an insurrection in Italy necessary

TOP SECRET

to the fulfillment of its primary objective—wrecking the ERP—an armed uprising might be ordered.

The Communists are believed to possess the military capacity of gaining temporary control of North Italy. If the Italian Communists receive material assistance from Yugoslavia and/or France, the Italian Government will require foreign aid to regain control of the area.

7. SITUATION IN TRIESTE.

Yugoslavia's efforts to gain complete control of the Free Territory of Trieste have not diminished in recent months, and consequently the area remains a potential source of Great Power conflict. Since the Yugoslav Army's unsuccessful attempt to penetrate the US-UK Zone on 15 September 1947, the Yugoslav-directed Communist Party in Trieste has continued its intensive campaign to undermine the authority of the Allied Military Government (AMG) and to lay the groundwork for Communist control of the area after the appointment of a governor by the Security Council.

The Communist effort has been directed primarily against Trieste's precarious economic condition. Trieste's economic recovery has been retarded by the general economic depression in Europe and by the reluctance of Italians and others to risk investment in Trieste business in view of the Territory's uncertain future. The Communists have exploited this situation through continuing pressure on labor to strike for higher wages, the purchase of business establishments in the city, and the diversion of traffic to the rival Yugoslav port of Fiume. AMG's ability to combat this Yugoslav pressure is dependent on its ability to finance an adequate public works program and to develop the city as a transit port. This in turn is dependent upon the continued willingness of the Italian Government to supply Trieste's currency needs and finance its balance-of-payments deficit. Although Italy is reluctant to assume this obligation, failure to do so would tend to undermine AMG's authority, make later UN control impossible, and assure eventual Yugoslav domination.

Politically, the Communists are actively preparing for the general elections that must be held after the appointment of a governor. In addition to attempting to make political capital of the economic depression, the Communists have conducted a violent and unrelenting propaganda campaign against the US and UK. Because the Communist Party in Trieste is now so openly associated with Yugoslavia, however, the pro-Italian non-Communists have strengthened their political organization, probably with some clandestine aid from within Italy, and are in a better position to combat the Communists in any future elections.

The Yugoslav Government, meanwhile, realizing that the presence of US-UK troops in Trieste not only thwarts its aims in that city, but acts as a strong stabilizing influence on Communist intentions in North Italy, is now pressing vigorously for early appointment of a governor by the Security Council. Although the US and UK are prepared if necessary to postpone appointment of a governor indefinitely, the USSR and Yugoslavia may agree to a US candidate in the hope that even a strong governor would not be as great a deterrent to Yugoslav designs on the Territory as continued US-UK military control.

37. (*Continued*)

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38. Hillenkoetter, Memorandum for the Assistant Director for Special Operations [Galloway], "Additional functions of Office of Special Operations," 22 March 1948 (Excerpted carbon copy)

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ER 366

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22 MAR 1948

MEMORANDUM FOR ASSISTANT DIRECTOR FOR SPECIAL OPERATIONS

SUBJECT : Additional functions of Office of Special Operations

REFERENCE: Memorandum from Director, CIA, dated 25 October 1946, entitled "Functions of the Office of Special Operations."

1. In addition to the functions prescribed in reference memorandum, the Assistant Director for Special Operations will establish a group within the Office of Special Operations, to be known as "Special Procedures," for the performance of covert psychological operations outside of the United States and its possessions.

2. Covert psychological operations may include all measures of information and persuasion short of physical. The originating role of the United States Government will always be kept concealed.

3. Covert psychological operations will be conducted in accordance with instructions from the Director of Central Intelligence and applicable standards and requirements established within the Office of Special Operations for covert foreign activities. Such operations will be kept entirely distinct from the non-covert and open foreign informational measures of other United States Governmental agencies in which the sponsorship of the United States is openly acknowledged.

4. The primary objectives of such operations will be: (1) to undermine the strength of foreign instrumentalities, whether governments, organizations or individuals, which are engaged in activities inimical to the United States; and, (2) to support U. S. foreign policy by influencing foreign public opinion in a direction favorable to the Attainment of U. S. objectives.

5. No covert psychological operations will be undertaken unless they are fully consistent with the foreign policy and objectives of the United States Government.

6. In establishing the function of Special Procedures in accordance with the foregoing, the Assistant Director for Special Operations will:

a. Utilize such facilities, channels and resources of the Office of Special Operations as he may deem necessary.

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38. (Continued)

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b. Establish, with the proper Government agency or authority, such liaison as may be required to insure that covert psychological operations are consistent with the foreign policy and objectives of the United States.

c. Take appropriate action to insure that covert psychological operations do not conflict with, or overlap, the open foreign information activities of the United States.

d. Within policy and security limitations, establish with other CIA Offices and with outside governmental and private sources in the United States, any necessary liaison for the procurement of information, expert or technical advice, or other services, for use in connection with covert psychological operations overseas.

e. Insure proper policy and program coordination in the foreign field.

s/
R. H. [redacted]
Rear Admiral, USN
Director of Central Intelligence

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38. (Continued)

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CHIEF OF SPECIAL PROCEDURES

In accordance with directives and policies of the Assistant Director for Special Operations, the Chief of Special Procedures shall exercise direction over all covert psychological operations outside the United States and its possessions. In carrying out this responsibility, he will:

(a) Act as advisor to the Assistant Director relative to covert psychological operations and submit to him, for approval, specific directives on covert psychological operations for field implementation through the facilities of the Chief of Operations.

(b) As directed by the Assistant Director, make recommendations for the final approval of all proposed covert psychological operations from the standpoint of their conformity to U. S. foreign policy, suitability of general program content and objectives, and the commitment of funds.

(c) Exercise direct control and supervision over all personnel and functions of the Washington office of Special Procedures.

(d) Exercise general program and technical direction over all field representatives engaged in covert psychological operations, coordinating closely with the Chief of Operations who will exercise operational field control over such representatives.

(e) Maintain close planning and operational liaison with the Chief of Operations in connection with plans, directives, and other matters relating to covert psychological operations which require implementation through the facilities and resources of the Chief of Operations.

(f) Provide for the development of program plans to implement policies and directives applicable to the activities of Special Procedures.

(g) Provide for all necessary operational action, including the preparation of detailed operational directives, required for the execution of approved program plans and projects developed by or delegated to Special Procedures.

(h) Establish a project control over all field operations involving covert psychological operations.

(i) Maintain, as directed by the Assistant Director, such liaison with the Department of State, or other authority charged with formulation

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38. (*Continued*)

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of foreign policy, as may be necessary to obtain guidance on U. S. foreign policy and objectives, as they affect the operations of Special Procedures.

(j) Issue, with the approval of the Assistant Director, directives defining the editorial and political policies to be followed in conducting covert psychological operations in the field.

(k) Establish, for approval of the Assistant Director and on the basis of United States foreign policy and aims, the basic program objectives and targets for covert psychological operations.

(l) In accordance with liaison requirements and procedures of Budget and Liaison Control, establish and control authorized liaison of Special Procedures with other elements of OSO, Offices of the Central Intelligence Agency and other U. S. Departments and Agencies which provide for direct liaison on covert operational matters.

(m) Develop and maintain, as directed by the Assistant Director, such liaison with private individuals, organizations or institutions in the United States as may be necessary to the effective conduct of covert psychological operations abroad, keeping Budget and Liaison Control generally informed of such liaison.

(n) Insure that operations of Special Procedures do not conflict with or overlap the open foreign informational activities of the State Department, and, to that end, effect such liaison and coordination with the Department of State as may be directed by the Assistant Director.

(o) Coordinate with the Chief of Administrative Services to insure full support of operations of Special Procedures by OSO administrative and supporting services.

(p) Insure adequate training for all personnel engaged in covert psychological operations, using for such purpose the facilities of the Training Staff, of OSO and, within practical limits, making available to the Training Staff, for lecture and other instruction in covert psychological operations, experienced personnel of Special Procedures.

(q) Provide for the conduct of inspections of local activities of his office and, when directed by the Assistant Director, of overseas operational activities involving covert psychological operations, effecting the necessary coordination with the Chief of Operations.

(r) For the purpose of insuring proper policy and program coordination in the field, take appropriate measures in coordination with the Chief of Operations and through his field facilities, for keeping the chief diplomatic representative in an area or the Chief U. S. Commanding Officer in an occupied area generally informed of covert psychological operations.

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38. (*Continued*)

TOP SECRET

The following addition to S. O. Directive No. 18 is published for the information and guidance of all concerned:

SECTION 6.

AUTHORIZATION

In accordance with the authorization contained in the memorandum for the Assistant Director for Special Operations from the Director of Central Intelligence, dated _____, Subject _____, the function of covert psychological operations, to be known as "Special Procedures," is activated within the Office of Special Operations, effective _____.

FUNCTION

The basic function of Special Procedures will be to engage in covert psychological operations outside the United States and its possessions, for the purpose of (1) undermining the strength of foreign instrumentalities, whether governments, organizations, or individuals, which are engaged in activities inimical to the United States, and (2) to support U. S. foreign policy by influencing public opinion abroad in a direction favorable to the attainment of United States objectives.

DEFINITION OF COVERT PSYCHOLOGICAL OPERATIONS

As used herein and as conducted within the Office of Special Operations, covert psychological operations may include all measures of information and persuasion short of physical in which the originating role of the United States Government will always be kept concealed.

TOP SECRET

39. Pforzheimer to Arthur H. Schwartz, 6 May 1948 (Photocopy)

Box 810
Washington, D.C.
6 May 1948

This document has been approved for release through the HISTORICAL REVIEW PROGRAM of the Central Intelligence Agency.
Date 7Jun91
HRP 91-2

Mr. Arthur H. Schwartz
1650 Broadway
New York, New York

Dear Arthur:

After the lull of the last few weeks, I had thought that Governor Dewey was laying off the intelligence picture, but this morning's paper seems to indicate that he is at it again. The New York Herald-Tribune quotes him as stating that the recent Bogota uprising was a demonstration of "the pitiful failure of our intelligence service." Just to keep the record straight between us, I thought I might set down a few points for your personal interest in this connection. These remarks were a continuation of the Governor's broadcast to Nebraska of 12 April, in which he pointed out that had we had adequate intelligence service we would have known about the Bogota outbreak. As a result of such charges, a Congressional subcommittee, headed by Rep. Clarence Brown of Ohio, and including Rep. Clare Hoffman of Michigan and John McCormack of Massachusetts, met in Executive Session with the Director of Central Intelligence and myself, and reviewed the whole intelligence picture with regard to Bogota. You have doubtless seen the newspaper stories subsequent to the Director's appearance, which indicated that Central Intelligence Agency did know of the probabilities of trouble in Bogota and had so informed the State Department. However, the following quotation from Clarence Brown's statement after the hearings may be of interest. He stated, "Our Central Intelligence Agency obviously was in close touch with Communist operations, not only in Colombia but in several other countries of South and Central America. In all but one instance, the U. S. Intelligence reports from Bogota were transmitted promptly to the State Department."

The Wilmington, Delaware News-Journal pointed out editorially on 16 April, "The fear that the United States Intelligence Service had fallen down on the job was effectively, and happily, disrupted yesterday in the testimony given a House subcommittee by Admiral Hillenkoetter, chief of the Central Intelligence Agency. . . Anyway, all Americans will be glad to learn that the nation's intelligence service was fully on the alert."

Congressman Clare Hoffman, Chairman of the House Committee on Expenditures and a member of the committee which

39. (Continued)

investigated the Bogota incident had this to state on 17 April in a formal release — "Our Central Intelligence Agency had agents on the ground in Bogota. It performed its duty. It learned what was happening days before the rioting and bloodshed in Bogota."

The Washington Post, which had been somewhat critical editorially on 15 April questioning whether we had been caught napping, stated editorially on 17 April that, "The questions we raised last Monday — whether the intelligence agency had been caught napping in Bogota or whether it had been ignored — are now answered. Admiral Hillenkoetter has acquitted the Central Intelligence Agency of ignorance of Communist plans to scuttle the Inter-American Conference. Evidently the State Department was at fault in cold-shouldering the warnings and in at least one case in preventing their dispatch to Washington."

Newsweek on 28 April 1948, in talking of this investigation, stated, "Examining Hillenkoetter's documents, the subcommittee was impressed by the CIA's efficiency."

I have gone to this seeming length with you so that it may not appear that my remarks are merely self-serving declarations on behalf of the Agency, but are rather the general consensus of opinion. It remains a continual source of amazement to me that the Governor should continue his attacks. It can only mean that he is being very ill advised in this matter.

They are the same attacks which were hurled at us prior to the passage of the Unification Act in the spring of 1947. For instance, in his final Nebraska broadcast, the New York Times on 13 April 1948 quotes the Governor as stating that, "The work of our intelligence unit should be the most secret thing in our Government. And yet, left-wing newspapers in Paris actually printed the name of the new head of the service before he knew it himself and six weeks before it was announced to the American press." The story of the particular article in the Paris newspaper Franc-Tireur was read into the Congressional hearings last spring by Congressman Dawsey of Illinois and questions were raised also by Senator Bridges. General [redacted] Vandenberg, who was then our Director, made them a [redacted] pointing out that much of the information contained [redacted] which article was inaccurate and that much of it could be obtained from the President's Executive Order of 22 January 1946 which was a public document. Senator Bridges raised some questions with the Director in connection with this article at the hearing last spring and upon the Director's answers expressed himself as quite satisfied, and subsequently

voted for his confirmation as Director. It was pointed out that the Admiral was transferred from the Office of Naval Attache in Paris to the Office of the Secretary of the Navy for duty as Director of Central Intelligence on orders which were unrestricted. There is no secret as to whom the Director is, and these orders were brought to the attention of the French Naval Attache in Washington who cabled Paris in order that the French might have an opportunity to congratulate the Admiral in his new assignment.

I shall not bore you with further details about this Paris article on which the Governor relied, other than that it states that, "Admiral Hillenkoetter shall be directly responsible to the President only," when in effect he was responsible to the National Intelligence Authority. The article further stated that the Admiral "shall be responsible for the security of the United States in case of sudden attack by atom or atomic means," the obvious inaccuracies of which are clear.

As I said above, I do not want to burden you with these details other than to indicate to you the inaccuracy of the information the Governor appears to be receiving on this subject. Furthermore, I want to be able to back up for you any assertions that I make to you as a matter of our personal friendship. I hope you do not mind my having gone on at this great length.

My best regards to you and all of the boys, particularly those two rapidly aging and decaying individuals, Robert and Everett.

Sincerely yours,

Walter L. Pforzheimer

40. Hillenkoetter, Memorandum for the Executive Secretary [Souers], "Psychological Operations," 11 May 1948 (Typed transcript)

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from Executive Registry I[illegible] tabbed
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Date 26 DEC 90

HRP 89-2

VII/44 (1)

AGENCY

ER 470

11 May 1948

MEMORANDUM FOR: The Executive Secretary
The National Security Council

Subject: Psychological Operations

1. Reference is made to the proposed NSC Directive, as drafted 7 May 1948, pertaining to covert (psychological) operations. This Agency has several times, during the discussion phases of this proposed directive, placed itself on record as opposed to the plan on which the proposed directive is based. The proposed directive, if enacted, will establish a staff function providing for AUTHORITY in a delicate field of operation--without the RESPONSIBILITY.

2. This Agency again strongly urges that the provision of NSC 4-A, as written, be continued without change. If the National Security Council and the Joint Chiefs of Staff feel the need for emergency and wartime planning in the covert psychological warfare field, then we again suggest that advance planning be made the responsibility of the facility currently in operation.

3. However, if the National Security Council approves this proposed draft of 10 May 1948, the Central Intelligence Agency, of course, will cooperate to the best of its ability in an endeavor to make a going concern of the proposed Special Studies organization.

s/ RHH - to Mr. Childs for hand delivery
5/11/48

R. H. HILLENKOETTER
Rear Admiral, USN
Director of Central Intelligence

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ITEM 22

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41. Hillenkoetter to J. S. Lay, 9 June 1948 (Typed transcript)

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9 June 1948

Mr. J. S. Lay
Assistant Executive Secretary
National Security Council
Washington, D. C.

Dear Jimmy:

The attached represents our general thinking about the new draft. I should like to suggest that, since State evidently will not go along with CIA operating this political warfare thing in any sane or sound manner, we go back to the original concept that State proposed. Let State run it and let it have no connection at all with us. It seems to me that this is the only thing that will satisfy State in any way and rather than try to keep a makeshift in running order, subject to countless restrictions which can only lead to continued bickering and argument, I think maybe the best idea is to go back and make the CSP work for State alone.

I am sending this letter for your own information and, of course, for Admiral Souers and have made it separate in order that it need not be forwarded with our comments on the last draft.

This document has been approved for release through the HISTORICAL REVIEW PROGRAM of the Central Intelligence Agency.

Date 28 DEC 1990

Sincerely,

Signed RHH - Disp by hand RAR 6/9/48

R. H. Hillenkoetter
Rear Admiral, USN
Director of Central Intelligence

D

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Director
Deputy Director
Addressee
Maj Gen W. B. Todd, JIC/JS

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41. (*Continued*)

C VII/52

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9 June 1948

This document has been approved for release through the HISTORICAL REVIEW PROGRAM of the Central Intelligence Agency.

Date_____

MR?_____

MEMORANDUM FOR: Mr. J. S. Lay
Assistant Executive Secretary
National Security Council

Subject: Proposed NSC Directive

1. The draft directive of 8 June 1948 is considered much weaker and less satisfactory than that of last Friday, 4 June. Further, the latest draft is much more inconsistent and much less organizationally sound than the 4 June paper.

2. For example, in para. 2 of the draft of 8 June, reasons are stated why the new office should be placed under the Central Intelligence Agency--then along in para. 3c are stated a number of restrictions on what can and cannot be done, all of such restrictions leading to confusion and chaos. Suppose the Director of Central Intelligence is out of town, then does the work of the Special Projects stop, does it "free wheel", or does it work with the Acting Director of Central Intelligence? All of this remains in doubt by the statement "the head of the Office of Special Projects shall report directly to the Director of Central Intelligence." In the present set-up of the Central Intelligence Agency, the head of any branch can see the Director of Central Intelligence any time desired--the door is always open. It would seem that a new branch should come in, in a similar manner. The need for special measures, security or otherwise, exists as much for our present Office of Special Operations as it would for the new Office of Special Projects, and the present set-up does not seem to hamper the Office of Special Operations, nor can I see why a similar set-up should hamper the Office of Special Projects.

3. Also, what is meant by "to the maximum degree consistent with efficiency, the Office of Special Projects shall operate independently of other components of Central Intelligence Agency"? Does this mean that the Office of Special Projects will have its own administrative staff, its own budget staff, its own communications net, its own services, etc. and etc? And, who is to decide what is the "maximum degree consistent with efficiency"--the Director of Central Intelligence, The Chief of Office of Special Projects, the National Security Council, or who? This paragraph cannot be accepted as is. I should much prefer the wording of the corresponding paragraph (3b) in the draft of 4 June.

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41. (*Continued*)

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[redacted]

4. It would seem that either the National Security Council has confidence in the operation of the Office of Special Projects by the Central Intelligence Agency or it has not. If such confidence exists, then the Central Intelligence Agency should be directed to operate the new office subject to a general declaration of policy by the National Security Council. If such confidence does not exist, then the Central Intelligence Agency should not be expected or directed to operate the Office of Special Operations in any manner.

Signed RHH - Disp by hand RAR 6/9/48

R. H. HILLENKOETTER
Rear Admiral, USN
Director of Central Intelligence

D
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Director
Deputy Director
Addressee - orig & 1 cc
Maj Gen W. E. Todd, JIC/JS

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[redacted]

42. ORE 41-48, "Effect of Soviet Restrictions on the US Position in Berlin," 14 June 1948

[redacted] SECRET

1101

CENTRAL INTELLIGENCE AGENCY

EFFECT OF SOVIET RESTRICTIONS ON THE US POSITION IN BERLIN

ORE 41-48

Published on

14 JUNE 1948

FOR THE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE FOR FURNISH REPLIES TO THE EXECUTIVE DIRECTOR, THE ADVISORY COUNCIL, AND CENTRAL [redacted]

[redacted]

42. (*Continued*)

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CIRS 41-48

[redacted]

EFFECT OF SOVIET RESTRICTIONS ON THE US POSITION IN BERLIN

SUMMARY

Contrary to many published reports, the chief detrimental effect on the US of the Soviet restrictive measures imposed in Berlin, since the walkout of the USSR from the Allied Control Council, has not been interference with transportation and supply but curtailment of certain US activities having to do for the most part with intelligence, propaganda, and operations of the quadripartite Kommandatura.

Concurrently with attempted inspection of US military rail traffic, the Soviets both tightened their "security" measures and manifested greater intransigence in all city affairs. As a result: (a) the general usefulness of Berlin as center of an intelligence network has been impaired, while in particular, access to Soviet deserters and anti-Communist Germans has been made more difficult; (b) since friendly Germans cannot move freely to and from the Soviet Zone or within the city, the US cannot as before, support anti-Communism within the Soviet Zone; (c) US propaganda cannot be freely disseminated except by radio; (d) commodities manufactured in Berlin cannot be shipped to the Western zones; and (e) the ACC and the Kommandatura have, at least temporarily, lost their usefulness in keeping up German hope of unity, revealing coming Soviet moves, and easing US-Soviet tension below the governmental level.

Note: The information in this report is as of 1 June 1948.

The intelligence organizations of the Departments of State, Army, and the Navy have concurred in this report; the Air Intelligence Division, Air Intelligence Directorate, Department of the Air Force, concurs with those portions which pertain to air intelligence.

[redacted]

42. (*Continued*)

[redacted]

EFFECT OF SOVIET RESTRICTIONS ON THE US POSITION IN BERLIN

Imperative as it is for the US to remain in Berlin, its mere physical presence there does not insure continuance of all the strategic benefits that might be derived therefrom, and this strategic position has, in fact, been undermined already by unpublicized Soviet action, taken for the most part in general security and local political matters. The hindrances imposed by the USSR during the past several weeks on transportation to and from Berlin have not seriously interfered with the logistic position of the US but rather with its strategic position.

Continued US occupation of Berlin requires supply from the west of food and such other necessities as coal for both the US personnel and the German population of the US sector of the city. Incoming barge transport, carrying the bulk of food for the western sectors of the city, reportedly is unchanged and continues adequate, notwithstanding stoppages of short duration on British transport through the Soviet Zone. Inbound military and civilian rail freight, hauling the necessary coal and other supplies, continues to move as before, except that the civilian freight routes have been somewhat restricted.

The present transport situation is the result of Soviet efforts to extend the right of civilian rail traffic inspection, which the USSR has always exercised, to Western Power military traffic. Civilian passenger traffic apparently continues unchanged, but military passenger traffic does not function because of Western Power refusal to accede to Soviet demands for the right of personal inspection. Incoming road transport continues normal except for slight difficulties in routing; as yet, the USSR has not attempted seriously to restrict Western Power air transportation. The transportation situation, as outlined above, indicates that the necessities for the German population and for the US personnel in Berlin are still being supplied.

The US strategic position in Berlin, as contrasted with its logistic position, has been impaired both by the Soviet transportation restrictions and, more particularly, by other Soviet measures taken concurrently with the imposition of logistic hindrances. These comparatively unpublicized measures, which soon followed the walkout of the USSR from the Allied Control Council, have involved: general tightening of Soviet "security" measures throughout the Soviet Zone; greatly increased police controls in and around Berlin; and Soviet efforts to block the operations of both the Allied Kommandatura and the non-Communist city government. As a result the following material benefits to the US arising from the presence of US officials and troops in Berlin have been reduced or eliminated:

(1) The value of Berlin as a center of an intelligence net covering the city itself, the Soviet Zone of Germany, the eastern satellites, and the USSR has been threatened.

(2) The value of Berlin as a sanctuary and transfer point for anti-Communist refugees or Soviet Army deserters has been reduced, in that: (a) heightened Soviet security precautions make access to the western sectors of Berlin from the adjacent

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42. (Continued)

[redacted]

Soviet Zone increasingly difficult; (b) Soviet travel restrictions on westbound passenger rail traffic have curtailed the means of evacuation of refugees and deserters, who must now be limited to relatively high-level personnel warranting air transport.

(3) Except for the capacity of the Berlin radio of the US sector, the value of Berlin as point for the dissemination of Western propaganda through the Soviet Zone has been, and despite new Soviet assurances is expected to be, curtailed by Soviet interference with the dissemination of Western publications and impediments to the issuance of any German pro-Western material in the Soviet Zone.

(4) The security and transport regulations have limited the value of Berlin as a base from which the US can support anti-Communism in the Soviet Zone. Western Zone Germans can no longer easily enter or leave the Soviet Zone, while tightened police controls have reduced the capabilities and the freedom of movement of anti-Communist elements already within the Zone.

(5) The Soviet-imposed demands for inspection of all westbound freight have prevented the shipment of Berlin manufactures that contribute to the finished production of the Western Zones and eliminated almost all commerce between Berlin and the west.

(6) Although the Allied Control Council remains in the city to embarrass the USSR as a symbol of quadripartite agreement in Germany, its functional impotence and failure to meet since the USSR abruptly terminated the 20 March session has: (a) diminished remaining German hope of implementing the Potsdam method of unifying Germany politically and economically; (b) eliminated a sounding board for the revelation of future Soviet moves; and (c) eliminated a useful safety valve for easing US-USSR tension below the governmental level.

The USSR still has at its disposal further means for harassing the US and making the latter's position in Berlin more difficult. These means include: imposition of unilateral traffic regulations on inbound food and freight shipments, attempted enforcement of unilateral regulations on the flight of Western Power aircraft over the Soviet Zone, complete repudiation of quadripartite Kommandatura jurisdiction over the Soviet sector of the city and the incorporation of that sector into the Soviet Zone, and, finally, increased efforts to create unrest among the civil population of the Western sectors of the city.

Strategic losses such as the damage to US propaganda machinery, to intelligence operations and to the use of the US sector as a sanctuary for refugees from the Soviet system, cannot be completely retrieved except by the removal of all the Soviet-imposed restrictions and impediments referred to above. Though the US could recapture a degree of the strategic initiative by intensified clandestine intelligence operations, such action could do nothing to remedy the unfortunate situation in which recent Soviet hindrances have placed the anti-Communist Berlin city government or to relieve the tension brought by increased Soviet intransigence in the quadripartite Kommandatura.

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42. (*Continued*)

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43. National Security Council, NSC 10/2, 18 June 1948
(Photocopy)

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NSC 10/2

June 18, 1948

NOTE BY THE EXECUTIVE SECRETARY

to the

NATIONAL SECURITY COUNCIL

on

OFFICE OF SPECIAL PROJECTS
Reference: NSC 10/1

At its 13th Meeting the National Security Council approved the Directive in NSC 10/1 subject to deletion of paragraph 3-d and amendments to paragraphs 3-a and e and 4.

The revised Directive, as approved, is circulated herewith to the Council for information and to the Director of Central Intelligence for appropriate action.

Special security precautions are being taken in the handling of this report. For this reason it is suggested that each member of the Council may wish to return his copy for filing in the office of the Executive Secretary, where it will be held available upon request.

SIDNEY W. SOUERS
Executive Secretary

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The Chairman, National Security Resources Board

43. (Continued)

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NATIONAL SECURITY COUNCIL DIRECTIVE

on

OFFICE OF SPECIAL PROJECTS

1. The National Security Council, taking cognizance of the vicious covert activities of the USSR, its satellite countries and Communist groups to discredit and defeat the aims and activities of the United States and other Western powers, has determined that, in the interests of world peace and US national security, the overt foreign activities of the US Government must be supplemented by covert operations.

2. The Central Intelligence Agency is charged by the National Security Council with conducting espionage and counter-espionage operations abroad. It therefore seems desirable, for operational reasons, not to create a new agency for covert operations, but in time of peace to place the responsibility for them within the structure of the Central Intelligence Agency and correlate them with espionage and counter-espionage operations under the over-all control of the Director of Central Intelligence.

3. Therefore, under the authority of Section 102(d)(5) of the National Security Act of 1947, the National Security Council hereby directs that in time of peace:

a. A new office of Special Projects shall be created within the Central Intelligence Agency to plan and conduct covert operations; and in coordination with the Joint Chiefs of Staff to plan and prepare for the conduct of such operations in wartime.

b. A highly qualified person, nominated by the Secretary of State, acceptable to the Director of Central Intelligence and approved by the National Security Council, shall be appointed as Chief of the Office of Special Projects.

c. The Chief of the Office of Special Projects shall report directly to the Director of Central Intelligence. For purposes of security and of flexibility of operations, and to the maximum degree consistent with efficiency, the Office of Special Projects shall operate independently of other components of Central Intelligence Agency.

d. The Director of Central Intelligence shall be responsible for:

(1) Ensuring, through designated representatives of the Secretary of State and of the Secretary of Defense, that covert operations are planned and conducted in a manner consistent with US foreign and military policies and with overt activities. In disagreements arising between the Director of Central Intelligence and the representative of the Secretary of State or the Secretary of Defense over such plans, the matter shall be referred to the National Security Council for decision.

(2) Ensuring that plans for wartime covert operations are also drawn up with the assistance of a representative of the Joint Chiefs of Staff and are accepted by the latter as being consistent with and complementary to approved plans for wartime military operations.

(3) Informing, through appropriate channels, agencies of the US Government, both at home and abroad (including diplomatic and military representatives in each area), of such operations as will affect them.

e. Covert operations pertaining to economic warfare will be conducted by the Office of Special Projects under the guidance of the departments and agencies responsible for the planning of economic warfare.

f. Supplemental funds for the conduct of the proposed operations for fiscal year 1949 shall be immediately requested. Thereafter operational funds for these purposes shall be included in normal Central Intelligence Agency Budget requests.

4. In time of war, or when the President directs, all plans for covert operations shall be coordinated with the Joint Chiefs of Staff. In active theaters of war where American forces are engaged, covert operations will be conducted under the direct command of the American Theater Commander and orders therefor will be transmitted through the Joint Chiefs of Staff unless otherwise directed by the President.

5. As used in this directive, "covert operations" are understood to be "all activities (except as noted herein) which are conducted or sponsored by this Government against hostile foreign states or groups or in support of friendly foreign states or groups but which are so planned and executed that any US Government responsibility for them is not evident to unauthorized persons and that if uncovered the US Government can

43. (Continued)

plausibly disclaim any responsibility for them. Specifically, such operations shall include any covert activities related to: propaganda; economic warfare; preventive direct action, including sabotage, anti-sabotage, demolition and evacuation measures; subversion against hostile states, including assistance to underground resistance movements, guerrillas and refugee liberations groups, and support of indigenous anti-communist elements in threatened countries of the free world. Such operations shall not include armed conflict by recognized military forces, espionage, counter-espionage, and cover and deception for military operations..

6. This Directive supersedes the directive contained in NSC 4-A, which is hereby cancelled.

44. Hillenkoetter, Memorandum for the Record, 4 August 1948

Cia 22791

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#1

4 August 1948

MEMORANDUM FOR THE RECORD:

1. About noon today Mr. Frank G. Wisner of the State Department called me on the telephone and informed me that the State Department, at the present time, disapproved of the idea of using meteorologic balloons to carry propaganda from the Occupied Zone in Germany to the Satellite States and to Russia. Mr. Wisner said that he had discussed this with Mr. George Kennan, and that the State Department's view was that the time was not propitious.

2. As regards the project for the clandestine radio transmitter, the State Department approved the idea in principle, but before they could give a definite approval to it, they desired to know the details of the transmitter--who (the nationality) was to operate the transmitter, to whom the transmissions would be directed, and who would set up the raw material to be transmitted.

R. H. HILLENKOETTER
Rear Admiral, USN
Director of Central
Intelligence

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45. ORE 25-48, "The Break-up of the Colonial Empires and its Implications for US Security," 3 September 1948

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THE BREAK-UP OF THE COLONIAL EMPIRES AND ITS IMPLICATIONS FOR US SECURITY

This document has been approved for release through the HISTORICAL REVIEW PROGRAM of the Central Intelligence Agency.

Date 21 Jul 92

HRP 92-1

ORE 25-48

Published 3 September 1948

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45. *(Continued)*

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45. (*Continued*)

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CIR 28-48

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THE BREAK-UP OF THE COLONIAL EMPIRES AND ITS IMPLICATIONS FOR US SECURITY

SUMMARY

The growth of nationalism in colonial areas, which has already succeeded in breaking up a large part of the European colonial systems and in creating a series of new, nationalistic states in the Near and Far East, has major implications for US security, particularly in terms of possible world conflict with the USSR.[1] This shift of the dependent areas from the orbit of the colonial powers not only weakens the probable European allies of the US but deprives the US itself of assured access to vital bases and raw materials in these areas in event of war. Should the recently liberated and currently emergent states become oriented toward the USSR, US military and economic security would be seriously threatened.

World War II gave a tremendous impetus to the colonial independence movement. The UK withdrew from India-Pakistan and Burma, while the Dutch and French, exhausted by war, appear unable to suppress the Indonesian and Indochinese nationalists by force, or, despite any temporary compromise solutions, to be able to arrest their eventual achievement of genuine independence. Growing nationalism in French North Africa threatens French hegemony. While the colonial issue in most remaining dependencies is not yet acute, native nationalism in many of these areas too will exert increasing pressure for autonomy or independence.

This marked postwar development of the colonial independence movement has resulted from: (1) the release of bottled-up nationalist activities in the Far East as a result of Japan's defeat of the colonial powers in World War II and its encouragement of local nationalism in occupied areas; (2) the postwar military and economic weakness of the colonial powers, which has made them less able to resist nationalist demands and led them to grant concessions or even independence to their dependencies; (3) the increasing tendency of liberal-socialist elements in the colonial powers to favor voluntary liquidation of restive colonial possessions; (4) widespread support of colonial independence movements by a large group of recently liberated and other sympathetic states, particularly the USSR; and (5) creation of the United Nations, which has provided a forum for agitating the colonial issue and a mechanism for its liquidation.

Because of these factors, further disintegration of the remaining colonial empires appears inevitable. Belated concessions by the colonial powers, at least on the limited

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Note: The information in this report is as of 9 August 1948.

The intelligence organizations of the Departments of State, Army, and the Navy have concurred in this report; the Air Intelligence Division, Air Intelligence Directorate, Department of the Air Force, had no comment.

[1] In this paper the term "colonial" is used in a broad sense to denote the relationships between the metropolitan powers and their dependent and semi-dependent areas, whether these be colonies, mandates, protectorates, or treaty relationships. Similarly the phrase "colonial issue" is meant to encompass all differences between the colonial powers and their dependent areas arising from the development of local nationalism.

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scale presently contemplated, do not meet the basic nationalist demand for independence and are unlikely to be more than temporarily effective, except in more backward areas. The colonial powers appear unwilling for the most part to recognise fully the force of nationalism in their remaining dependencies and to take the leadership in guiding these toward genuine independence or self-government.

As a result of the rapid breaking-up of the colonial systems, a new power situation is developing in the former colonial world. No longer can the Western Powers rely on large areas of Asia and Africa as assured sources of raw materials, markets, and military bases. In contrast to the ever closer integration of the Satellites into the Soviet system, there is an increasing fragmentation of the non-Soviet world. This process is already largely completed, with many of the most important colonial and semi-colonial areas, like India, Burma, the Arab states, and the Philippines already independent, and Indonesia and Indochina well on the road. These new states will be free to choose their future alignments, which will be largely conditioned by the attitudes of the Soviet and Western Power blocs toward the colonial issue and their economic demands.

The colonial independence movement, therefore, is no longer purely a domestic issue between the European colonial powers and their dependencies. It has been injected into the larger arena of world politics and has become an element in the broader problems of relations between Orient and Occident, between industrialised and "underdeveloped" nations, and between the Western Powers and the USSR. The newly independent and older nations of the Near and Far East strongly sympathise with the aspirations of still dependent areas, to which they are bound by racial and religious ties. These nations are further bound together in varying degree by two other issues which tend to set them off against the colonial powers and the US: namely, the growing economic nationalism of the "underdeveloped" areas and the underlying racial antagonism between white and native peoples. All intensely nationalistic, the Near and Far Eastern nations tend to unite in opposition to the Western European powers on the colonial issue and to US economic dominance. As a result there has been a tendency toward the formation in the UN and affiliated bodies of a so-called "colonial bloc," whose members have already brought colonial disputes into the UN and will likely take the lead in attempting in this manner to hasten the liberation of further colonial areas. The colonial issue and economic nationalism, therefore, will continue to be a source of friction between the colonial powers and the US on the one hand, and the states of the Near and Far East on the other. The gravest danger to the US is that friction engendered by these issues may drive the so-called colonial bloc into alignment with the USSR.

The USSR is effectively exploiting the colonial issue and the economic nationalism of the underdeveloped areas as a means of dividing the non-Soviet world, weakening the Western Powers, and gaining the good will of colonial and former colonial areas. Ever since World War I the USSR has sought to infiltrate the nationalist parties in dependent areas and, more recently, to play up the colonial issue and the so-called economic imperialism of the Western Powers in the UN. The poverty and underprivileged

45. (*Continued*)

position of the population in these areas, their latent hostility toward the occupying powers—past or present—and the existence of leftist elements within them, make them peculiarly susceptible to Soviet penetration.

Consequently, the good will of the recently liberated and emergent independent nations becomes a vital factor in the future strategic position of the US in the Near and Far East. In addition, the restoration of the economic contribution of their colonies is important to the economic stability of the Western European powers, which the US is endeavoring to create. Short-sighted colonial policies, however, will in the long run cause the colonial powers to lose the very economic and strategic advantages in their dependencies which they are anxious to retain. Unless, therefore, the European colonial powers can be induced to recognize the necessity for satisfying the aspirations of their dependent areas and can devise formulae that will retain their good will as emergent or independent states, both these powers and the US will be placed at a serious disadvantage in the new power situation in the Near and the Far East. Moreover, unless the US itself adopts a more positive and sympathetic attitude toward the national aspirations of these areas and at least partially meets their demands for economic assistance, it will risk their becoming actively antagonistic toward the US.

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THE BREAK-UP OF THE COLONIAL EMPIRES AND ITS IMPLICATIONS FOR US SECURITY

1. DEVELOPMENT OF THE COLONIAL INDEPENDENCE MOVEMENT.

A major trend in the twentieth century world power situation is the development of a strong colonial independence movement which is in process of breaking up the colonial systems and creating a series of new, nationalistic states. The primary cause of the break-up of the European colonial empires is the growth of native nationalism in these areas, simultaneously with the decline in power and prestige of the colonial powers. This striking growth of local nationalism is primarily the result of: (a) the rising level of political, economic, and social development in dependent areas, with resultant growing sensitivity to inequality of treatment; (b) the short-sighted policies of the colonial powers, whose discriminatory treatment of subject populations and exploitation of colonial resources without attendant benefits to these populations have aroused strong resentment; (c) a deep-seated racial hostility of native populations toward their white overlords, due largely to these policies, which has taken the form of a reaction against "white superiority"; (d) the exposure of colonial areas to Western ideas of nationalism and the right to self-determination, which has made them increasingly conscious of their dependent status; and (e) the meteoric rise of Japan, whose defeats of the European powers in the Russo-Japanese War and especially World War II punctured the myth of white superiority. The colonial powers, while exposing their dependencies to the technological advances and democratic ideals of the West, failed to reckon with their aspirations to achieve the same type of national self-expression which the West exemplified.

While nationalism in dependent and quasi-dependent areas first reached significant proportions in the early twentieth century, it was given its greatest impetus by World Wars I and II. These conflicts, particularly the last, greatly weakened the colonial powers, thereby reducing their ability to control their colonial holding by force. At the same time, reliance of these powers on colonial resources and manpower forced them to grant concessions which greatly advanced the nationalist cause. In World War I Great Britain also fanned Arab national aspirations in order to hasten the downfall of the Turks. President Wilson's insistence upon the self-determination of peoples and the creation of the League of Nations gave a powerful stimulus to colonial aspirations for independence.

The period between wars saw further development of nationalism in dependent areas, particularly in the Near East and India. The repercussions of the world depression of the 1930's, which forced the colonial powers to retrench in colonial development, and shattered the world raw material price structure, increased colonial resentment and led to pressure for self-government and a larger share of the proceeds of economic exploitation. Indigenous nationalists, resentful of political, economic, and social discrimination against them, tended to stimulate the depressed state of colonial

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economies to the ineptitude of the great powers. States like Iraq and Egypt, which had been under British tutelage, tended to assume a more independent course in their affairs. The US groomed the Philippines for independence, while Britain was forced to make some concessions to the growing pressure of Indian nationalism. The aggressive policies of Japan, whose propaganda stressed the racist doctrine of "Asia for the Asiatics," greatly stimulated the racial hostility of East toward West.

World War II delivered another blow to the declining colonial empires. When the colonial powers proved unable to defend their Southeast Asian possessions against the Japanese onslaught, Japan, capitalising on local feelings, set itself up as liberator of the Asiatic peoples from white oppression. Although the Japanese actually kept a tight rein on Southeast Asia, they granted a shadowy "independence" to Burma, the Philippines, Indochina, and Indonesia which further stimulated their national ambitions. At the end of the war most Allied Far Eastern dependencies were wholly unwilling to revert to their former status, and the exhausted Allies have been unable to re-establish the *status quo ante*. The UK labor government, no longer willing or able to hold off the violent demands of the Indian nationalists, granted independence to India, Pakistan, and Burma and dominion status to Ceylon. A weakened France was forced to recognise the independence of its Levant mandates, Syria and Lebanon. The US fulfilled its promise of freedom to the Philippines. Korea was freed from Japanese bondage. France and the Netherlands, unwilling to relinquish their rich Southeast Asian possessions to the native nationalists, became embroiled in an uneasy struggle with indigenous regimes established in these areas.

2. Current Status of the Colonial Independence Movement.

As a result of the stimulation of native nationalism in the chaotic war and postwar periods, the remaining colonial world is in a ferment of nationalist activity. This movement is in varying stages of growth in different areas, depending largely upon the level of local political, economic, and social development, but in most of them the eventual goal is independence. In the more backward areas of Asia and Africa, which are at a relatively early stage of political and economic growth, nationalism is still inchoate. On the other hand, in relatively highly developed areas like Indonesia, Indochina, and French North Africa, it has reached an advanced stage.

The two most critical colonial issues are in Indonesia and Indochina, where the Dutch and French, exhausted by war, have been unable to suppress the local nationalists by force and, despite temporary compromises which may be worked out, are unlikely to be able to arrest the eventual achievement of native independence. The Dutch and the Indonesian Republic are attempting to negotiate a settlement designed to bring the Republic within a Netherlands-dominated United States of Indonesia while allowing it a large degree of autonomy in all but foreign affairs and defense. In Indochina the French have been unable either to suppress the nationalist Viet-Minh Party or to reach mutually acceptable agreement with it. In view of the protracted strain of pacification expenditures on the unstable French economy, it is likely that France eventually will have to make sweeping concessions to the Nationalists. These will constitute but another step along the road to independence.

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While nationalism in French North Africa has not yet reached the fighting stage, the development of militant native independence movements in Algeria, Morocco, and Tunisia is a growing threat to French hegemony. In Tunisia and Morocco, both protectorates, the nationalists have concentrated on restoration of national sovereignty under the existing dynasties. A bureau has been established at Cairo where exiled North African leaders like Abd-el-Krim coordinate the nationalist program. French North African nationalism is stimulated by common Moslem ties with the chauvinistic Arab League, which, while as yet giving little overt support to North African nationalism, may be expected to step up its activity as soon as the more pressing Palestine problem is settled. Mounting nationalism in Libya, particularly among the Cyrenaican Senussi tribes, is complicating the disposal of this former Italian colony.

Although nationalism in other dependent areas has not yet attained critical proportions, there exist well defined movements in several regions which foreshadow similar problems. In most of these areas the demand at present is not so much for immediate independence as for a greater measure of self-government. In Malaya the heterogeneity of the population and the relatively enlightened British colonial administration so far have retarded rapid growth of nationalism, but the success of neighboring areas in achieving self-determination cannot help but stimulate it to some extent. France's suppression of the 1947 rebellion in Madagascar has set back the Malagasy nationalist movement several years, but tension will recur. In the relatively backward Central African colonies the low stage of development has limited the growth of nationalism, and will do so for a long period. The Ibo movement in Nigeria and the United Gold Coast Convention, though neither very strong, are examples of rising nationalist movements in this area.

3. The Colonial Issue in World Politics.

The colonial independence movement is no longer purely a domestic issue between the individual European colonial powers and their dependencies. It has been injected into the larger arena of world politics and has become an element in the broader problems of the relations between the Orient and Occident, between industrialized and "underdeveloped" nations, and between the Western Powers and the USSR.

a. *External Support of Colonial Independence Movements.*

The newly liberated and older nations of the Near and Far East strongly sympathize with the aspirations of still dependent areas, to which they are bound by racial and religious ties. All intensely nationalistic, these countries resent the political and economic domination of adjacent areas by European powers. States like India and Egypt have already brought colonial issues into the UN and may be expected increasingly to take the leadership in attempting to hasten in this and other ways the liberation of remaining colonial areas. Moreover, many of these states are exploiting the colonial issue in their own self-interest, with a view to supplanting the Western Powers in certain areas. India and China both have ambitions to dominate Southeast Asia, and the latter also aspires to replace Japan as the major power in the Far

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East. Some of the Eastern states covet portions of the moribund colonial empires: Egypt—the Sudan and Cyrenaica; Ethiopia—the adjacent former Italian colonies; and China—Hong Kong.

The colonial issue, therefore, will be a major source of friction between the Western European powers and the rising nations of the Near and Far East. To the extent that the US supports the European powers on this issue, it too will incur the ill-will of these new, nationalistic states.

b. Economic Nationalism and the Colonial Issue.

The nations supporting the colonial independence movement are bound together by another major issue, closely related to the struggle for political independence, which also tends to build up antagonism toward the Western European powers and the US. This is the development, more pronounced since World War II, of economic nationalism in the "underdeveloped" countries. These countries, most of them with a colonial background, find that though they have achieved political independence, their undeveloped economies, producing mostly raw materials and agricultural products, are still tied to those of the industrialised Western nations which provide markets for their goods. They are in essence still semi-colonial areas, for their economic dependence upon the metropolitan economies tends to vitiate their political independence. Therefore native nationalists have not been wholly satisfied by the achievement of political independence; they demand economic independence as well.

The aim of this economic nationalism is to attain greater economic self-sufficiency through development of a diversified economy, usually by industrialisation. It has led the underdeveloped countries to favor tariffs, import restrictions, and other trade barriers to protect their infant industries. This attitude has characterised not only the recently liberated countries but many long since independent, like the Latin American nations, which still have semi-colonial economies. It was most clearly displayed at the recent Havana Trade Conference, where the underdeveloped countries strongly opposed multilateral free trade and charged that the US and other industrialised nations were stunting their economic development in order to keep them permanently dependent.

With the largest segments of the colonial systems either already liberated or in the last stages of liberation, this aspect of the colonial problem becomes increasingly important. The economic nationalism of the underdeveloped nations conflicts sharply with US trade objectives and these countries tend to resent US economic dominance. On the other hand, they urgently need external assistance in their economic development, and the US is at present the only nation able to supply it. The desire for US loans and private investment will have some effect in tempering the antagonism of these states toward US policies. However, the underdeveloped countries display an increasing tendency to demand US aid as a natural right, irrespective of any concessions on their part, and to feel that the US will be forced to invest abroad because of insufficient internal demand for its existing capital resources.

c. The Colonial Issue in the UN.

Colonial problems have been brought increasingly into the UN, which native nationalists and their supporters have found an ideal forum for agitating the colonial

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issue. There is a pronounced tendency toward the formation in the UN of a colonial "bloc" consisting of formerly dependent states like India and the Arab nations, others like China and Iran with strong racial and religious sympathies toward colonial peoples (also characteristic of the first group), and yet a third group like many Latin American republics and Australia, which sympathize on liberal, humanitarian, and economic grounds. The colonial bloc has consistently sought to broaden the UN trusteeship system. China, India, the USSR, the Philippines, and the Arab states contend that Article 73 of the UN charter, which binds members to promote the progressive development of self-government in their dependencies, implies that the UN should have broad supervisory powers over these dependencies. Critical colonial situations like the Indonesian question and Egypt's demand that Great Britain withdraw her troops have been brought before the Security Council as potential threats to world peace. The underdeveloped countries have insisted on emphasizing their own economic problems in UN economic bodies. Thus, through the UN, the colonial issue has been placed squarely on the world stage and local colonial problems have become matters of global concern. The colonial "bloc" and the USSR may be expected to bring more and more of such problems before the UN and to attempt to use it as a mechanism for liquidating the colonial empires.

d. Soviet Exploitation of the Colonial Issue.

The USSR is effectively exploiting the colonial issue and the allied issues of economic nationalism and racial antagonism in an effort to divide the non-Soviet world, weaken the European allies of the US, and gain the good will of the colonial "bloc." In pursuit of these objectives, the USSR is: (1) giving active support through agitators, propaganda, and local Communist parties to the nationalist movements throughout the colonial world; and (2) consistently injecting colonial and Allied problems into UN and affiliated activities.

The Soviet regime has always looked upon the so-called "depressed areas" as a fertile field for penetration, and since 1918 the Comintern has stressed the importance of stirring up discontent in these areas. As a non-colonial power, the USSR is in the fortunate position of being able to champion the colonial cause unreservedly and thereby bid for the good will of colonial and former colonial areas. Its condemnation of racial discrimination pleases native nationalists and tends to exclude the USSR from the racial animosity of East toward West. The Communists have sought to infiltrate the nationalist parties in dependent and formerly dependent areas and have been, as in Burma, Indonesia, and Indochina, among the most vocal agitators for independence. The Soviet Union has found the World Federation of Trade Unions an effective weapon for penetrating the growing labor movements in Asia and Africa and for turning them against the colonial powers.

At the San Francisco Conference in which the UN Charter was framed the USSR fought for a provision categorically demanding eventual independence for all colonies. Since that time, it has frequently injected the colonial issue into UN discussions and has strenuously supported the colonial "bloc" on all colonial and allied questions brought into the UN. Persistent Soviet support of the colonial "bloc" on

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purely colonial issues may win adherents from the colonial "bloc" for the USSR on other major issues between the USSR and the Western Powers in the UN. Thus the Soviet Union clearly recognises the potential of the colonial issue for weakening its opponents and has made of it an important element in the power struggle between the Western Powers and the USSR.

4. INEVITABILITY OF FURTHER COLONIAL DISINTEGRATION.

Under these circumstances, some further disintegration of the remaining colonial empires appears inevitable. Native nationalism in these dependencies will increase as the inhabitants, spurred on by the example of the already liberated nations, seek to emulate them. Indonesia and Indochina are apparently already in the final stage before full independence, and crises will arise in other colonial areas as local nationalists clamor increasingly for self-government. The USSR and the colonial "bloc" will lend external support to these groups and utilise the UN as a means of assisting them. The weakened colonial powers, stricken by war and economic crisis, will find it difficult to cope with these insistent nationalist pressures.

The colonial powers, belatedly aware of the threat to their empires, have shown some willingness to liquidate the most troublesome of their possessions and to make concessions in others. The Western European socialist parties, now a major influence in many governments, appear more willing than their conservative predecessors to adopt colonial reforms although their colonial policies to date have shown little change. Some of the colonial powers have adopted more progressive colonial policies, offering concessions to their dependencies in an effort to stave off the demand for independence. The UK in particular, after recognising that independence for India and Burma was inevitable, is cautiously promoting greater self-government in its remaining colonies and has earmarked large sums for their economic development (although Britain's present economic weakness has prevented full development of these schemes). The Netherlands has granted substantial concessions in Indonesia, although clearly determined to make every effort to keep this rich area under her control. France, too, while making minimal reforms in critical areas, seeks to draw her dependencies closer to the mother country in a French Union.

These concessions, however, at least on the limited scale presently contemplated, appear unlikely to do more than temporarily placate local nationalism and at most delay the demand for liberation. Differences in race, language, and religion, intensified by a strong East-West antagonism, make Dutch and French plans for integration of their colonies into French and Netherlands Unions unlikely to succeed in areas like Indochina, Indonesia, and French North Africa where native nationalism is already well advanced. Moreover, stimulation of colonial economic and social development and granting of greater political autonomy may well promote local nationalism rather than weaken it. As the colonies become more highly developed, they will become more conscious of their dependent status and more insistent upon independence. They also will be better able to create viable economies and to function as independent states. Under these circumstances limited concessions are likely to be effective, in

the long run, only in relatively small or backward areas which would in any case be likely to remain under a protecting power.

5. Emergence of a New Power Situation in the Former Colonial World.

As the result of the gradual disintegration of the colonial systems and the emergence of young, nationalistic states, a new power situation is in the making in the former colonial world. No longer will the western colonial powers control large areas of Asia and North Africa which are sources of manpower and raw materials and provide assured military bases. The economic and political policies formerly imposed by the colonial powers on their colonies will give way to a welter of conflicting national policies. This process is already largely completed, with many of the most important dependent and semi-dependent areas, such as India, Burma, the Arab states, and the Philippines already independent, and Indonesia and Indochina well on the road. These new and emergent states will be free to determine their own economic policies and future alignments.

For a long period, however, these new states will find it difficult to stand alone. Though actively promoting their own political and economic development, they will remain for some time semi-dependent areas, forced to rely on the great powers for protection and assistance. Their relatively backward stage of political, economic, and social evolution, their lack of developed resources, and the absence of technical skills and education among the mass of their peoples make them dependent upon outside help in their development. Militarily, they will be unable to withstand any major power. Economically, they will still be undeveloped countries, tied to the larger metropolitan economies. The effect, therefore, of the disintegration of the colonial systems and the withdrawal of the colonial powers is the creation of a power vacuum in the Near and Far East.

There is danger that unless the Western European nations, and with them the US, can secure the good will of these newly liberated and as yet dependent areas, they may become aligned with the USSR. Several factors: friction over the colonial issue, economic nationalism, and the racial antagonism between East and West, may tend to orient these areas away from the US and the Western Powers. The newly liberated states will entertain some hostility toward the former colonial powers, and as these powers belong to the Western bloc supported by the US, this hostility will extend in some degree toward the US also. US support of the colonial powers in the UN also has tended to make the dependent peoples and their supporters suspicious of US motives. In the economic sphere, the new and undeveloped countries tend to resent US economic dominance and to fear that the US and other industrialized nations intend to keep them economically dependent. The USSR, pursuing an assimilative racial policy and able to represent itself to colonial peoples as largely Asiatic, escapes much of the resentment of colored toward white peoples; while US treatment of its Negroes, powerfully played up by Soviet propaganda, embarrasses the US on this issue. Racial restrictions in areas like South Africa and Australia also arouse colonial resentment. Moreover, the poverty and backwardness of the colonial and former colonial world, combined with the restrictive policies of the colonial powers, has en-

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hanced the appeal of radical political philosophies and tended to place leadership of indigenous nationalist groups in the hands of extremists. This tendency is evident in the existence of active pro-Communist parties in such areas as China, Indochina, Burma, and Indonesia. Thus the basic backwardness of these areas, their resentment toward the past or present dominating powers, and the existence of strong leftist elements within them, make them peculiarly susceptible to Soviet penetration. Should the USSR in turn, however, become in the eyes of these areas a threat to their independence, they would actively oppose Soviet domination too.

6. Implications for US Security.

The break-up of the colonial systems and the creation of a series of new nationalistic states may adversely affect the present power balance of the US and Western Europe versus the USSR, particularly if these new states become friendly toward the USSR and hostile toward the US and its allies.

a. The loss of their dependencies weakens the colonial powers, which are the chief prospective US allies. These nations rely upon their colonies as sources of raw materials, military manpower, and revenue, and as strategic military bases. France, for example, draws heavily upon its North and West African empire in most of the above respects; and the breaking away of these areas, especially North Africa, would seriously weaken its strategic position. UK withdrawal from India and Burma already has substantially affected its strategic capabilities in the Middle and Far East. The Netherlands would be weakened economically by the defection of its rich Indonesian possessions.

b. The drift of the dependent areas away from the orbit of the colonial powers deprives the US itself of an assured access to bases and raw materials in many of these areas, an increasingly serious loss in view of global US strategic needs and growing dependence on foreign mineral resources. Bases in French North Africa and the Middle East, for example, would be strategically vital in event of conflict. The growing US list of strategic and critical materials—many of which like tin and rubber are available largely in colonial and former colonial areas—illustrates the dependence of the US upon these areas. The US has heretofore been able to count upon the availability of such bases and materials in the colonial dependencies of friendly powers; but the new nations arising in these areas, jealous of their sovereignty, may well be reluctant to lend such assistance to the US.

c. Possible Soviet domination of certain former dependent areas or their orientation toward the USSR would create a major threat to US security. Such a possibility is strongest in Asiatic peripheral areas around the USSR, where the danger of Soviet penetration is acute. Soviet control of areas like Iran, Burma, Indochina, Indonesia, or Korea, whether through occupation, alliance or friendly neutrality, would help complete Soviet control of the Asiatic continent, make the USSR more invulnerable to external attack, assure its access to vital materials like oil, tin, and rubber, and place it astride strategic sea lanes.

d. Colonial antagonism toward the US would hamper the US in its relations with colonial areas should their metropolitan powers fall within the Soviet orbit in event of

war. While governments-in-exile probably would be formed, they might prove unable to control their dependencies, which might seize this opportunity to further their own nationalist aims by revolt. Were the US forced to occupy these territories for strategic reasons, its task would be much more difficult if they were hostile.

c. The colonial issue also tends to create recurring crises which promote world unrest. Increasing resort to the UN to deal with the swelling chorus of colonial grievances and the pressure in behalf of dependent peoples by a large bloc of sympathetic states tends to magnify these grievances out of all proportion to their local significance. The USSR, seeking to promote any unrest in colonial areas, will quickly exploit its disruptive possibilities.

Consequently, the good will of the recently liberated and emergent independent states becomes a vital factor in the future position of the US in the Near and Far East. The breaking up of the colonial systems and the gradual withdrawing of the colonial powers from these areas has faced the US itself with the problem of filling the gap left by their withdrawal. The US stand on the colonial issue and economic nationalism will have a major effect on the attitudes of these colonial and former colonial areas. Yet the US is currently in an unfortunate position vis-à-vis the USSR with respect to such issues. On the one hand, the US has historically sympathised with the aspirations of dependent peoples for self-government and has pledged itself to this end in the Atlantic Charter and in the United Nations. As a result, the dependent and semi-dependent areas have come to expect and demand US backing in their struggle for independence. To the extent that the US acquiesces in or supports restrictive colonial policies on the part of the Western European nations, it will jeopardise its position in these areas. Such a policy will lay the US open to charges of inconsistency and imperialism and may lead to loss of the voting support of the colonial bloc in the UN. It will allow the USSR, in particular, to pose as champion of the colonial cause and thus gain the good will of the dependent and former dependent areas.

On the other hand, the European colonial powers are the chief prospective US allies in its power struggle with the USSR and it is difficult for the US to oppose these powers on colonial issues. These nations are anxious to retain as much of a hold as possible on their dependencies, partly for economic and strategic reasons, but also for prestige. Should these countries lose the benefits of their colonial empires, it would hamper their economic recovery and possibly threaten the stability of governments friendly to the US.

If, however, the colonial powers do not basically modify their present colonial policies, they will in the long run lose the very strategic and economic advantages in their dependencies and former dependencies that they are seeking to retain. Such restrictive policies will not arrest the development of local nationalism but may in fact so aggravate it as to alienate the local populations and minimise the possibility of retaining any benefits whatsoever. Moreover, attempts at forcible retention of critical colonial areas in the face of growing nationalist pressure may actually weaken rather than strengthen the colonial powers. French and Dutch efforts to suppress local nationalism by force in Indonesia and Indochina, for example, are a drain on funds

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urgently needed for reconstruction and may create such antagonism that no profitable economic development will be feasible for an extended period.

The colonial powers must fully recognise the irresistible force of nationalism in their dependencies and take leadership in guiding these dependencies gradually toward eventual self-government or independence, if they are to retain their favored position in these areas. A policy of far-reaching colonial reforms, designed to foster colonial political, economic, and social development, would do much to neutralise the more violent aspects of native nationalism and to substitute orderly evolution toward the inevitable goal of independence for the violent upheavals characteristic of the present situation. Only through such a new cooperative relationship can the colonial powers in the long run hope to retain their close ties with these areas and the maximum of political and economic advantage. Unless the colonial powers can be induced to recognise this necessity for satisfying the aspirations of their dependencies and can devise formulae which will retain their good will as emergent independent states, both these powers and the US will be placed at a serious disadvantage in the new power situation in the Near and Far East.

In the economic sphere, since the US plays a dominant role in world trade and is the nation currently most capable of supplying the capital needs of the "underdeveloped" countries, the attitude of the US itself toward the efforts of these areas to achieve greater economic self-sufficiency will have a great effect on their goodwill. US failure to adopt a more sympathetic attitude toward the economic nationalism of the underdeveloped countries or at least partially to meet their demands for capital assistance will stimulate the charges, already heard, of US economic imperialism and seriously affect US relations with these areas.

The US, therefore, is faced with a serious dilemma. On the one hand US encouragement of colonial self-determination and economic development may itself incur the charge of US imperialism and run the risk of alienating the colonial powers. On the other hand, the US may be unable to afford to let its policy on colonial issues be swayed by the colonial powers if such support of its allies tends to alienate the dependent peoples and other non-European countries, lay the groundwork for future disruption, and in the long run weaken the power balance of both the US and the Western European nations vis-à-vis the USSR.

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46. Lawrence R. Houston, Memorandum for the Director, "Responsibility and Control for OPC," 19 October 1948

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19 October 1948

MEMORANDUM FOR: The Director

SUBJECT: Responsibility and Control for OPC

REFERENCES: a. NSC 10/2
b. Memorandum of Conversation and Understanding, dated 12 August 1948.
c. Memorandum for the Acting Director of Central Intelligence, dated 11 October 1948, from the Executive Secretary of the National Security Council.

(As used herein, the phrase "covert operations" refers only to the operations of OPC.)

I. ANALYSIS OF NSC 10/2.

A. Paragraph 2 contains the basic decision of the National Security Council in the following words:

> "It therefore seems desirable, for operational reasons, not to create a new agency for covert operations, but in time of peace to place the responsibility for them within the structure of the Central Intelligence Agency and correlate them with espionage and counterespionage operations under the over-all control of the Director of Central Intelligence." (Emphasis added.)

B. In paragraph 3, the National Security Council directs the creation of the Office of Special Projects within CIA to "plan and conduct" covert operations. The Chief of this Office is nominated by State and approved by the NSC but must be acceptable to the DCI, and he shall report directly to the DCI. But OPC shall operate independently of other components of CIA.

C. The Director of Central Intelligence is made specifically responsible for insuring, through representatives of the Secretaries of State and Defense, that covert operations are "planned and conducted" in a manner consistent with U. S. foreign and military policies. He is also responsible for insuring the planning for wartime covert operations in conjunction with the Joint Chiefs of Staff. The funds for support of these operations are to be CIA funds, earmarked for OPC.

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D. As set forth in NSC 10/2 therefore, the intent of the Council is to look to the Director for the proper functioning of covert operations. He is specifically held responsible for their control, which presupposes the right to initiate and to veto projects, subject only to NSC rulings in the event of dispute. As the funds involved are to be CIA funds, unvouchered expenditures will, by law, be the Director's personal responsibility. To carry this out, he must have power to set controls for all such expenditures and provide means, by audit or otherwise, to insure that the funds are properly expended under regulations laid down by him. It therefore appears that the Council intended no limitation of the Director's operational control outside of that which may be exercised by the NSC in case of dispute. But there is a limitation from a policy point of view in that the Director must meet the policy requirements of the Department of State in connection with foreign affairs and of the Joint Chiefs' military planning. But he is to be guided by them, not controlled.

II. ANALYSIS OF THE MEMORANDUM OF CONVERSATION AND UNDERSTANDING ON THE IMPLEMENTATION OF NSC 10/2, DATED 12 AUGUST 1948.

A. In the discussion of NSC 10/2, Mr. Kennan of the State Department asserted the principle that covert operations, as an instrument of foreign policy, must function "to the fullest extent possible" as a direct instrumentality of State and the National Military Establishment. He recognized that, since OPC was placed in CIA, regard must be given to the "organizational requirements of CIA". It follows, according to State, that OPC "must" take its policy direction and guidance from State and the National Military Establishment and that the Chief of OPC must have the fullest and freest access to the proper representatives of those departments.

B. Mr. Souers stated specifically that the NSC had intended in 10/2 to recognize the principle that State and the National Military Establishment are responsible for the "conduct" of the activities of OPC. Mr. Souers expressed the view that this principle is manifest in the document. The analysis made under Section I above indicates to the contrary -- that responsibility for "conduct" of OPC activities was specifically placed in the Director of Central Intelligence.

C. The Director stated that OPC should and could be given all the necessary freedom and flexibility within CIA and that State had responsibility for political decisions, making such decisions in regard to individual projects. Mr.

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Kennan agreed that this was necessary and that he, as State's representative, would be accountable for providing such decisions. This political, as apart from operational, responsibility seems to be in accord with the analysis of NSC 10/2, set forth under Section I above.

D. The Chief, OPC stated that he should have continuing and direct access to the appropriate departments without going through the CIA administrative hierarchy but that the Director should be kept informed in regard to all important projects and decisions. NSC 10/2 recognizes the special relationship between OPC and the Department of State and the National Military Establishment. But since the Chief of OPC is directed to report directly to the Director of Central Intelligence and responsibility for the conduct of OPC's activities was placed in the Director, the apparent intent of NSC 10/2 is that the Director have actual control of all projects and decisions, subject to NSC rulings on disputed items, rather than that he be merely kept informed on important projects and decisions.

E. In the letter, dated 11 October, to the Acting Director of Central Intelligence, Mr. Souers elaborates on his interpretation of the NSC action taken in 10/2. He states, in connection with the question whether the NSC should tell the Director of CIA how his organization would function, that whereas the intelligence organization of CIA was created by statute under the Director's control, OPC, which is not a truly intelligence operation, was created by NSC itself to operate independently of other components of CIA to the maximum degree consistent with efficiency. The authority cited by the NSC in establishing OPC is section 102(d)(5) of the National Security Act, which authorizes NSC to direct CIA to perform functions and duties related to intelligence affecting the national security. 10/2 specifically says that the new Office shall be created within CIA. By any normal interpretation therefore, OPC's covert operations are functions of CIA and, as such, are the legal and actual responsibility of the Director. Furthermore, even the NSC has no authority to create a completely new and separate operating entity.

III. ANALYSIS OF THE PRESENT SITUATION.

A. NSC 10/2 is the official mandate to which the Director must look to ascertain his responsibilities. As set forth in Section I above, this mandate on its face places full administrative and operational control and responsibility on the Director. As it is presently worded, it is to him alone that the Council will look for results. It is for him to obtain the necessary policy guidance, and only such guidance is outside his control.

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B. Mr. Souers states that it was the intent of the Council to make State and JCS responsible for the conduct of OPC activities. The State Department representative and the Chief, OPC do not assert flatly that responsibility is in State and JCS but, by inference, shift the emphasis so that decisions are apparently to be made by the outside agencies, and the Director is merely to be kept informed. Such transfer of the basic responsibility and control is incompatible with the responsibilities of the Director under law and under NSC 10/2 as presently worded. He would be supporting a portion of the CIA budget over which he would have no supervision or control. He would be responsible for personnel and procurement, although he would only be informed by outside agencies of what his responsibilities were. He would be giving his personal certification as to the propriety of unvouchered expenditures, without any right to control or approve the expenditures in advance or to ascertain the actual propriety.

IV. RECOMMENDATION.

A. In view of the divergence in views apparent in Section III above, it is recommended that steps be taken to make a final clarification on responsibility and control for OPC covert operations in the following manner.

1. If NSC 10/2 was intended to carry the meaning its present wording appears to bear, there should be specific and detailed acknowledgment that the Director, in carrying out his mandate to conduct and be responsible for covert operations, has full administrative control of personnel and supplies, final authority over the expenditures of funds, and the right to initiate or veto projects. In time of war, of course, control would be transferred to the Joint Chiefs, as provided in 10/2.

2. If it was the intent of the Council, as stated by Mr. Souers, that responsibility be in the Department of State and the Joint Chiefs, it is felt that NSC 10/2 should be carefully amended to make the respective duties and responsibilities quite clear. This is particularly desirable in view of the possibility of a change of regime, bringing in a whole new Security Council, which might find itself faced with a hopelessly confused situation. In the event that control and responsibility are to be placed outside of CIA, it is recommended that the Director's responsibility be clearly limited to that of affording administrative support only. It should be made clear by the NSC, itself, that the Director has no administrative control, that he has no authority to veto projects, and that he has no control over unvouchered

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expenditures. If this decision is made, it is felt that at least two basic principles, believed to be generally accepted, would be involved: -- (1) that all covert activities should be subject to a single coordination and control, and (2) that there is no means by which the Director can divest himself of, or be separated from, his personal responsibility for the expenditure of unvouchered funds. Certainly the problems raised by such an arrangement would be many and difficult, whereas the organization apparently intended by 10/2 seems not only practicable but also efficient.

Lawrence R. Houston

LAWRENCE R. HOUSTON

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47. Frank G. Wisner, Memorandum for the Director of Central Intelligence, "OPC Projects," 29 October 1948

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29 October 1948

MEMORANDUM FOR: DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: OPC Projects

Reference: (a) National Security Directive 10/2.

(b) Memorandum of 25 October 1948 from the Director to NSPC re: Fiscal Year 1949 Budget.

1. During your absence, OPC has been holding a series of meetings of an Advisory Council which consists of high-level, security-cleared representatives of Army, Navy, Air Force, JCS and State. These representatives were nominated by the respective Secretaries to assist in formulating and coordinating policies for OPC in accordance with the charter outlined in reference (a). Although this preliminary planning has not yet been completed, the overall program is beginning to take shape along the following general lines of clandestine activity:

Functional Group I - Psychological Warfare

Program A - Press (periodical and non-periodical)
Program B - Radio
Program C - Miscellaneous (direct mail, poison pen, rumors, etc.)

Functional Group II - Political Warfare

Program A - Support of Resistance (Underground)
Program B - Support of RP's and Refugees
Program C - Support of anti-Communists in Free Countries
Program D - Encouragement of Defection

Functional Group III - Economic Warfare

Program A - Commodity operations [redacted]

Program B - Fiscal operations [redacted]

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Functional Group IV - Preventive Direct Action

Program A - Support of Guerrillas
Program B - Sabotage, Counter-sabotage and Demolition
Program C - Evacuation
Program D - Stay-behind

Functional Group V - Miscellaneous

Program A - Front Organizations
Program B - War Plans
Program C - Administration
Program D - Miscellaneous

2. Until the overall plans and policies were formulated, it was obviously impossible to present an accurate or realistic outline for budgetary allocations as set forth in reference (b). However, the senior staff officers of OPC are currently working on such specific plans which I shall be in a position to review with you in the very near future.

3. In the meantime, we have had no alternative but to accept certain sub-projects which have been literally thrust upon us, such as the old [redacted] Project which was inherited from SPG, and [redacted] Czech Refugee Group. You may be sure that we have done everything possible to hold such emergency assignments to a minimum. In those instances where we had no alternative, we have limited our commitments and have set up ear-marked funds to control expenditures.

FRANK G. WISNER
Assistant Director for
Policy Coordination

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48. [Gustav Hilger], "Observations on the Communist 'Peace Offensive,'" 21 January 1949 (Ditto copy)

G.H. No. 7

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21 January 1949

OBSERVATIONS ON THE COMMUNIST "PEACE OFFENSIVE"

In judging the political aims of the Soviet Government, we repeatedly stressed the fact that present Soviet policy pivots on the following central ideas:

1. The principal aim of the extensive Soviet propaganda is to convince the Soviet people and world public of its peaceful intentions. Simultaneously, that propaganda describes the Western Powers, particularly the United States, as warmongers pursuing imperialistic aims of world domination. The Soviet Government seems to believe that such propaganda is an appropriate means for creating in the world a mood which, in case of war, would serve the Soviet cause.

2. For the time being, the Soviet Government is not interested in unleashing a war against the Western Powers, since it is conscious of the technical superiority of the United States in its possession of the atomic bomb. The Soviet Government knows that it would not win the war even if it succeeded in overrunning the major part of Europe within a relatively short time after the outbreak of hostilities.

3. The Soviet Government knows that the United States also wants to avoid war. Therefore, the Soviet Government ventures to extend its spheres of influence all over the world in order to obtain as many strategic jumping-off positions as possible for an armed conflict with the Western Powers. But, at the same time, the Soviet Government is anxious not to overstrain the bow and proceeds with its provocations only as long as they remain tolerable to the United States. From experience with Soviet policy one can draw the conclusion that, at a given moment, the Soviet Government will be able to prevent the cold war's getting too hot for her.

4. The Soviet Union considers the determination of the Western Powers to go ahead with the North Atlantic Security Pact a great inconvenience. Therefore, it tries to lull the European states invited to join the pact into a false feeling of security (Italy); on the other hand, it leaves them without doubt that an anti-Soviet attitude would involve great dangers for their political and economic situation (Sweden).

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The latest political manouver performed by the Soviet Government seems to confirm the above views. If any doubts had existed as to whether the latest announcements of Marcel Cachin, veteran French Communist, and Palmiro Togliatti, the head of the Italian Communist Party, were inspired by Moscow, these doubts were dispelled by the contents of an article which recently appeared in the Soviet Information Bulletin in Washington.

All these announcements aim at one common goal, namely, to persuade the world public that the maintenance of world peace depends solely on the further attitude of the Western Powers because the Soviet Union had sufficiently proved that it wants peace and considers mutual understanding possible.

Although at present the Soviet Union wants peace, it does not want it for the sake of peace itself. It wants a peace of convenient duration because it needs a breathing space now and is convinced that, in the long run, time is working in its favor. The Soviet Government believes that, by words and deeds, it will succeed in wrecking the European Recovery Program and thus strengthen the world Communist movement.

The reverberations in the American press from the speeches of Marcel Cachin and Palmiro Togliatti, as well as the article in the Soviet Bulletin, prove that neither the American public nor official circles of the United States are prone to be taken in by these Soviet machinations, which represent only a tactical manouver of the Kremlin and not a change of political strategy.

Therefore, the United States should make the Soviet Government clearly understand that its intentions are evident. Moreover, the United States should persuade the rest of the world that the United States is always ready to reach an agreement with the Soviet Union, provided that such an agreement rests on conditions corresponding with the interests not only of the Soviet Union but of the non-Communist states as well.

The fact that Moscow newspapers have recently displayed an appeal by Henry Wallace's Progressive Party for a meeting between President Truman and Prime Minister Stalin throws an additional significant light on the aim pursued by the Soviet Government through the alleged "peace offensive". Since pronouncements of the Soviet press never happen spontaneously but only when the Kremlin wants them to happen, the mentioning of the suggested meeting must be considered as a "trial balloon" floated by Moscow to test the reaction of the Western Powers and to interpret it, at a given moment, in relation to the political aims of the Soviet Union.

These aims could be summarized as follows:

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48. *(Continued)*

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1. Above all, the Soviet Government wants to gain time for developing, perfecting and completing the arming of the Soviet Union.

2. The Soviet Union is anxious to establish in China a situation which, if the Soviet Union were to suffer a decisive defeat, would enable the Soviet Government to withdraw into China and to continue the war from there. Therefore, using the time before the outbreak of the war, the Soviet Union will do her best to reconstruct the armament industry previously built up in Manchuria by the Japanese.

3. The Soviet Government will urge the commencement of negotiations for peace treaties with Austria and Germany. In those negotiations the Soviet will try to induce the Western Powers to consent to a withdrawal of their forces from Europe because it is interested in pushing the Western Powers, especially the United States, out of all positions in Central Europe. Should the Western Powers refuse, the Soviet Government will try to put the blame for the continuation of the occupation regime on the Western Powers and, thus, to compromise them in the eyes of the Austrian and German people.

To achieve the aforementioned goals, the Soviet Union might even be ready to lift the Berlin blockade or, at least, to mitigate it to such a degree that it would be difficult for the Western Powers to reject a Soviet proposal to meet the USSR at a conference table without putting themselves in the wrong before the world public.

Thwarting of those plans of the Soviet Government will require both a firm and prudent policy on the part of the Western Powers in the forthcoming months.

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49. Wisner, Memorandum for the Director of Central Intelligence, "Observations upon the report of the Dulles-Jackson-Correa report to the National Security Council," 14 February 1949 (Typed transcript)

Transcribed for ABD by cem
20 May 1953 *

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14 February 1949

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Observations upon the report of the Dulles-Jackson-Correa report to the National Security Council

1. I return to you herewith copy #17 of the report of the Dulles-Jackson-Correa committee to the National Security Council, dated 1 January 1949. Pursuant to your request, I am submitting to you in this memorandum my comments upon those portions of the report which pertain specifically to the Office of Policy Coordination, its activities and its relationships to various of the other offices of the Central Intelligence Agency. I understand that you have likewise solicited the comments of the chiefs of other offices and divisions of the Agency which are applicable to their respective areas of responsibility and I trust that my rather limited observations may be of some assistance to you in your overall consideration of this matter.

2. The most important feature of the report having direct application to OPC is the recommendation that the Office of Policy Coordination, the Office of Special Operations and the Contact Branch of the Office of Operations be integrated under a single overall direction in a new "Operations Division". I agree with this recommendation and with the reasoning which supports it and I further agree that any such new office should be established and should operate as a distinctly separate entity, having a considerable degree of autonomy within the Agency. The considerations which are marshalled in support of this conclusion and recommendation appear at pp. 94, 96, 97, 99, 100 and 131 through 134 in the report. It was my original conviction that a very close degree of coordination between the three activities mentioned was essential and inevitable and I believe that our experience to date hasfurnished many proofs of this basic premise.

The report itself takes cognisance of a technical difficulty in this regard which arises from the anomalous setup of the Office of Policy Coordination within the Central Intelligence Agency. This arrangement, which was originally ordained by the National Security Council, could doubtless be revised as a part of the very important readjustment which is the substance of this recommendation.

3. Of particular

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3. Of particular importance to the effective and secure operation of OPC—or of OSO or the proposed new "Operations Division", is the recommendation that these covert operations have their own administrative support services. The arguments which support this recommendation are, I believe, conclusive and are set forth at pp. 10, 32, 115 and 136. The gist of these contentions is as follows.

The general administrative problems of these covert operating offices are unique because of their secrecy and consequent security requirements. They differ importantly from that part of the work of CIA which is concerned with the coordination of activities and the more or less overt work of research and analysis. The security of covert operations is inevitably prejudiced when overt and covert administrative units are placed together. Of equal importance is the fact that the unique character of secret operations renders inapplicable most ordinary rules of administration. One of the results of the moving of the administrative support from the direct authority of the officials responsible for secret operation is that administrative considerations are bound to guide and even control intelligence and operational policy. Any gains in overall efficiency which may appear to result from the centralization of all administrative services are much more than offset by the resultant losses in the efficiency, effectiveness and security of operations—and it is submitted that the latter should be the paramount consideration.

4. Although the comment at p. 37 in regard to the serious results of delay in obtaining security clearance is obvious, it is nevertheless of sufficient importance to warrant mention in this memorandum. While recognizing the essentiality of care and thoroughness in personnel investigations, it is imperative that a degree of flexibility be retained in the system of security clearance if the agency is to fulfill its responsibilities. In a limited number of cases, it will be necessary to request waivers on persons who have long and well known records of loyalty and responsibility in the public service. The seven way name check is no doubt desirable in all cases but the full investigation in cases of the kind mentioned should be allowed to go on after the individuals have entered upon their duties. Moreover, there must be a balancing of interests as between absolute security on the one hand and the necessity of obtaining talent, imagination, initiative and knowledge in certain fields.

5. A relatively small but nevertheless important point which I should like to raise for the record is that the report appears to suggest that the role of OPC is subordinate to that of OSO in the field of encouraging the defection of strategically placed personnel in the Soviet and satellite government services. It is our interpretation of our

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charter (NSC 10/2) that OPC is given this responsibility, but we fully recognize the special interests of both OSO and the Contact Branch of OO. You will recall the memorandum which was prepared by my office and concurred in by the other two branches, which outlined a proposed method of coordinated activity both within and without the Central Intelligence Agency in this increasingly important field. I hope that you will be able to reconsider your adverse decision in this matter in the interest of enabling the three interested branches to discharge their respective responsibilities in a coordinated and effective manner. (See recommendation #3 at p. 129)

6. I should also like to make a comment for the record upon the observations of the committee at p. 123 about the insecurity of the present physical setup of the Washington Headquarters of OSO (and OPC). I agree that it is very prejudicial to the security of the personnel and contacts of these secret operations offices to be isolated in a conspicuously identifiable building, and that it would be vastly preferable for them to be covered in a large establishment having no previous OSS and CIA taint and having so many services and visitors that the identification of the staff members and their visitors would be rendered most difficult. I fully recognize that because of the drastic shortage of government housing space in Washington, this criticism is easier to make than to remedy, but I nevertheless believe that it should be made the subject of serious and continued consideration by all concerned. The problem is aggravated by the inability to date of the Services Branch to provide sufficient space for present OPC staff personnel even in Temporary L Building.

7. The observations of the committee at pp. 148 and 149 of the report concerning the repute of intelligence as a career within the armed services has an important bearing upon the work of the Central Intelligence Agency and OPC. Because of the important use which CIA should always make of military intelligence personnel, as well as the many relationships which CIA must have with the armed services in order to be an effective and useful agency, it would be to the interest of all concerned if steps could be taken to improve the lost and prospects of service intelligence personnel.

8. My final comment is made in connection with the recommendation of the committee that a so-called "Intelligence Officer" within the Department of State be created to serve as the principal liaison between that Department and the Central Intelligence Agency, including the Office of Policy Coordination. My reaction to this proposal would

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depend very largely upon the identity of the individual selected for this new position and the level at which he is placed in the hierarchy of the State Department. Unless this Intelligence Officer is situated at a very high policy level within the Department of State, the result would be very detrimental. Under no circumstances should the liaison between OPC and the Department of State be tied in with the research and intelligence staff of the Department.

FRANK G. WISNER
Assistant Director of
Policy Coordination

Attachment:
23083-A

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50. ORE 41-49, "Effects of a U.S. Foreign Military Aid Program," 24 February 1949

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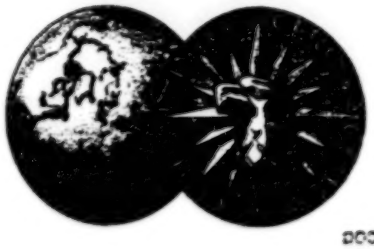

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50. *(Continued)*

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EFFECTS OF A U.S. FOREIGN MILITARY AID PROGRAM

THE PROBLEM

1. For the purposes of this problem it is assumed that:

a. A North Atlantic Pact providing for a system of collective security embracing the United States, Canada, and the Brussels Pact Powers, and perhaps also Norway, Denmark, Iceland, Ireland, Portugal, and Italy, will be consummated during 1949.

b. During FY 1950 limited US military aid will be provided to the European signatories of the Pact, and also to Austria, Greece, Turkey, Iran, Korea, and the Philippines, the amount and type of aid being governed, in each case, by limitations upon available US resources and the absorptive capacity of the recipient.

c. The foreign military aid program thus initiated could not be expected to create, in Western Europe, sufficient military strength to oppose and delay materially a Soviet military invasion until sometime during the period 1952-1955.

d. The ECA program will continue without serious interference by the rearmament program.

2. By direction, we estimate herein:

a. The effect of the US foreign military aid program assumed above on:

(1) The will of the recipients to resist aggression by the USSR or its satellites.

(2) The ability of the recipients to maintain their internal security and political integrity.

(3) The intentions and future action of the USSR.

b. Conversely, the effect of a US failure to provide such aid during FY 1950.

DISCUSSION

3. General considerations affecting the psychological response of the recipients to the assumed military aid program are discussed in Appendix "A," the effect on particular recipients in Appendix "B," and the probable Soviet reaction in Appendix "C."

CONCLUSIONS

4. The US military aid program and, more importantly, the Atlantic Pact, will encourage resistance to Soviet aggression insofar as they are recognized as a basis of hope for the eventual achievement of real peace and security. Inasmuch as they

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Note: This report has been concurred in by the intelligence organizations of the Departments of State, the Army, the Navy, and the Air Force. It is based on information available to CIA on 10 February 1949.

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afford no immediate assurance of security, this effect will be in some degree offset by widespread popular apprehension that they involve grave risk of unnecessary involvement in a war between the United States and the USSR. In any case, the will to resist is unlikely to outrun the visible means of resistance.

5. In general, the prospective recipients of US military aid are less interested in the amount of direct aid to themselves than in the over-all strength of the combination achieved through the rearmament of its principal members and particularly in assurance of prompt and effective US military intervention in their defense if need be.

6. If, however, US military aid were to be withheld, this default would be regarded as a breach of faith and would tend to undermine confidence in any assurances of US support explicit or implicit in the Pact. This disillusionment would affect adversely the will to resist Soviet aggression.

7. US military aid is essential to the maintenance of internal security and political integrity in Austria, Greece, and Korea. Elsewhere it is not essential for that purpose, although it would be of appreciable benefit in France, Italy, and Iran.

8. The Pact and military aid program will neither convince the USSR of the futility of its present tactics nor provoke preventive war. The immediate Soviet reaction will probably be an intensification of Soviet and Communist effort in forms currently familiar with the purpose of preventing the accomplishment of their intended effect.

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APPENDIX "A"

GENERAL CONSIDERATIONS

1. The effect of the assumed military assistance program would be primarily psychological. By the terms of the assumptions the material effect would not be appreciable except with respect to internal security in some countries. Inasmuch as the program itself would not guarantee the security of the recipient states, the psychological effect would depend on whether it and the Atlantic Pact were regarded as an essential step toward the achievement of peace and security or merely as preparation for a new war.

2. None of the assumed recipients of US military aid would willingly submit to Soviet domination and all realize that their existing individual and collective weakness invites Soviet political, and possibly military, aggression. On this account, all would have reason to welcome US aid in rearmament and, more importantly, the assurance of active US military support explicit and implicit in a collective security pact. In thoughtful opinion it would be realized that, while the Pact and program afforded no immediate guarantee against invasion and hostile occupation, they would constitute an essential first step toward the development of an effective system of collective defense which might deter Soviet aggression and that only by this means was there any apparent hope for the ultimate achievement of peace and security.

3. It would also be realized, however, that this first step could not be taken without incurring Soviet displeasure and the risk of involvement in war, especially in the interim before hopes and promises could be transformed into actual strength. Most of the countries concerned have had bitter experience of war and hostile occupation. The result is a popular dread of involvement in war. This sense of insecurity cannot be overcome by paper plans for future security or implicit promises of eventual liberation if war and hostile occupation should come first. This psychological obstacle inhibits response to anything less than a convincing guarantee of immediate security.

4. One consequence of this psychosis is a disposition to "let George do it." A state such as Denmark or Iceland, helpless in any case, can avoid the risks of participation in a scheme of collective security and still receive its fundamental benefits insofar as the participation of others serves to stabilize the general situation. In Greece it can be felt that the struggle is essentially between the United Sates and the USSR, with Greece a bystander caught in the crossfire. In general application this idea provides an excuse for apathy in the supposition that the United States, the only possessor of real power in the non-Communist world, should bear the responsibility for curbing the USSR and the attendant risks.

5. Even where governments, more farsighted in this matter, accept responsibility to contribute to the common cause, they will do so with a high sense of having accepted grave risks. In consequence they will not regard US military aid as a gratuity, but

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rather as well deserved quid pro quo. If the aid received should fall short of their expectations, there would be not only disappointment, but a tendency to doubt the validity of their reliance on US support and to consider whether Sweden had not chosen the better course.

6. France, in particular, has peculiar psychological reasons, derived from a sense of former power and present helplessness, for demanding special consideration and deference and the reassurance of the actual possession of renewed military strength. But most of the European recipients are small states long accustomed to depending for security on the protection of greater powers or committed in principle to hope for the eventual achievement of an effective system of collective security. These states are less interested in direct military aid to themselves (given some token amount) than in the over-all strength of the combination achieved through the rearmament of its principal members. In particular, they would probably derive more reassurance from the existence of US military strength capable of prompt intervention in Europe than from military aid to themselves. They would be reassured by the existence of such strength, not merely in the expectation of its intervention in their defense if need be, but in the hope that its existence would prevent the need for its intervention from arising.

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APPENDIX "B"

EFFECTS ON PARTICULAR RECIPIENTS

1. THE UNITED KINGDOM.

A British determination to resist Soviet aggression already exists, but British thought on this subject assumes the support of the United States as well as that of the Commonwealth. British ability to resist is dependent on US support: in particular, British resources cannot be further diverted to rearmament without prejudice to economic recovery. Moreover, the United Kingdom is concerned to promote the defensive organization and rearmament of Western Europe as a means of enhancing British security. For these reasons the United Kingdom, whatever its independent determination to resist, would be greatly encouraged by the consummation of an Atlantic Pact and the initiation of a US foreign military aid program, not only because of direct benefits, but also because of the general strengthening of Western Europe and above all because of implicit as well as explicit assurances of continuing US support.

Conversely, US failure to adopt a foreign military assistance program, for whatever reason, would have a discouraging effect on the United Kingdom and might lead to a reconsideration of British policy.

The maintenance of British internal security and political integrity is not in doubt.

2. FRANCE.

The consummation of an Atlantic Pact and the receipt of US military aid would encourage French resistance to Soviet aggression. The will to resist, however, would not outrun the visible means of resistance. The French would oppose political pressure, but would not accept serious risk of war while incapable of preventing the invasion of France, whatever the assurance of eventual liberation.

The French armed forces are presently capable of suppressing a Communist insurrection, but only after considerable damage had been done. To the extent that US military aid made possible the prompter accomplishment of this task it would reduce the damage and perhaps prevent resort to violence. Accordingly the receipt of such aid would tend to render the government's attitude more firm, to relieve popular apprehension, and to stimulate economic recovery.

If US military aid were to be withheld or were to fall short of expectations, the French would be disappointed and discouraged, and would become correspondingly reluctant to antagonize the USSR. The French would still resist actual attack on Western Union countries, but in these circumstances their resistance would be affected by low morale as well as material shortages.

3. BENELUX.

These states are already disposed to resist Soviet aggression, but must depend on the support of greater powers. Insofar as the Atlantic Pact and US military aid pro-

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gram gave promise of an eventually effective system of collective security, they would be encouraged.

The internal security and political integrity of these countries is not seriously threatened. As in France, US military aid would serve to render the situation more secure, with beneficial effects.

These states are as much interested in US military aid to Great Britain and France as they are in direct aid to themselves. If such aid were to be withheld, they would be deeply discouraged, but would still tend to follow the British lead.

4. NORWAY.

Norway is disposed to resist Soviet aggression in any case. Insofar as the Atlantic Pact and military aid program gave assurance of prompt and effective support, this disposition would be encouraged. Norway would be reluctant, however, to risk provoking the USSR without greater assurance in these respects than is apparent in the assumptions.

US military aid is not required for the maintenance of Norwegian internal security and political integrity, although such aid would, of course, render the situation more secure.

Norway would be little influenced by a denial of US aid as a consequence of its own failure to adhere to the Atlantic Pact, but would be greatly discouraged by a denial of aid to the actual signatories. If, having signed the Pact at the risk of provoking the USSR, Norway were denied appreciable aid, the political repercussions within that country would be severe.

5. DENMARK.

Denmark's will to resist Soviet aggression is qualified by a sense of the futility of armed resistance in the event of war. The Pact and program would encourage Denmark to the extent that they served to stabilize the situation, but would not be likely to alter the Danish appreciation of the prospects for a successful defense of Denmark in the event of attack.

US military aid is not required for the maintenance of Danish internal security and military integrity. The Danes, however, expect it in return for their complaisance respecting Greenland, regardless of their position with respect to the Atlantic Pact. They would be greatly discouraged by denial of aid to the major signatories of the Atlantic Pact.

6. ICELAND.

Iceland's will to resist Soviet aggression is irrelevant in the total absence of any capability of doing so. The existence of an Atlantic Pact with Scandinavian participation, however, would facilitate Icelandic cooperation with respect to US determination to resist Soviet aggression against Iceland.

Iceland has no effective security forces. There is no serious internal threat to Icelandic security and political integrity, but the country is vulnerable to a clandestine

expedition. Some military aid might improve this situation, but not greatly in the absence of effective organization for utilizing it. Denial of aid would not alter the status quo.

7. IRELAND.

The Irish will to resist Soviet aggression is beyond question and requires no encouragement. The Irish position would be rendered more secure by the Pact and program, with or without Irish participation. No US military aid is required for the maintenance of Irish internal security and political integrity. Denial of such aid to Ireland would be without appreciable effect. Denial of aid to the major signatories of the Atlantic Pact, however, would give Ireland reason for some concern.

8. PORTUGAL.

The Portuguese will to resist Soviet aggression and ability to maintain internal security are not dependent on US military aid, but would be strengthened by it. Denial of aid would not materially affect the situation in these respects.

9. ITALY.

The will of the Italian people to resist Soviet aggression is compromised by their fear of involvement in another war, particularly in the absence of effective means of self-defense. The Pact and program would encourage Italian resistance to Soviet political pressure and Communist subversion, but the Italians would remain unlikely to fight with a will in any war unless rearmed, convincingly assured of prompt and decisive US support, and directly attacked.

As in France (para. 2), the Italian armed forces are capable of suppressing a Communist insurrection, but only after severe damage had been done. To the extent that US military aid enhanced their capabilities in this respect, its results would be beneficial.

Denial of US military aid to Italy or to the major signatories of the Atlantic Pact would be extremely discouraging to non-Communist Italians and would influence them toward adopting a noncommittal attitude.

10. AUSTRIA.

Austrian will to resist Soviet aggression is meaningless in the absence of effective means. Even for the maintenance of internal security and political integrity Austria is dependent on the presence of Western occupation forces or on sufficient US military aid to permit the establishment of an effective security force. Denial of aid in one form or the other would probably result in the eventual Soviet domination of Austria despite the anti-Communism of the Austrian people.

11. GREECE.

The Greeks are now resisting a form of Soviet aggression. Their morale is adversely affected by the absence of decisive results, but, with US support as at present, their

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resistance may be expected to continue. Any reduction of US aid might have disastrous effect. Some increase may be required to maintain the status quo.

12. TURKEY.

The Turkish will to resist Soviet aggression and ability to maintain internal security are not dependent on US military aid, but have been strengthened by it. The implications of the Atlantic Pact and the development of a systematic program of military aid would afford further encouragement to the Turks provided they were assured that there would be no consequent diminution of US support for Turkey. Conversely, a reduction or denial of US aid would be discouraging in effect. If the entire aid program were rejected, or if essential aid were denied to Greece and Iran, so that Turkey became isolated, that country might be compelled eventually to submit to some form of accommodation with the USSR.

13. IRAN.

The will of Iran to resist Soviet aggression is more dependent on confidence in US political and military support than on the receipt of any specific amount of military aid. Such aid would strengthen Iran's ability to maintain internal security and tend to reassure Iran with respect to a continuation of US support in the broader sense. Conversely, denial of aid would have adverse effect in both respects and, insofar as it undermined Iranian confidence in US support, might cause Iran to hedge in its relations with the United States and the USSR.

14. KOREA.

US military aid is essential to the maintenance of internal security and political integrity in South Korea and the will to resist North Korean invasion or infiltration. More than this is not to be expected. Denial of such aid would probably result in eventual Soviet control of all Korea.

15. THE PHILIPPINES.

The Philippines depend on the United States for protection from Soviet aggression. Some further military aid would facilitate the maintenance of internal security. Such aid is expected, and its denial would have unfavorable political repercussions.

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APPENDIX "C"

SOVIET REACTION TO THE ASSUMED PROGRAM

1. The members of the Politburo ("the Kremlin") are at once the directors of an international revolutionary movement and the rulers of the USSR. Their ultimate objective is a Communist world order under their own domination. To achieve this goal they can employ with equal facility the apparatus of international Communism or the power of the Soviet state, whichever is better suited to the need of the moment, each with the implicit support of the other.

2. In Stalinist doctrine, the function of militant Communism is to hasten a dissolution of capitalist society expected, with "scientific" certitude, as the inevitable consequence of that society's inherent contradictions, and the role of the USSR is to provide, during the interim, a secure base and powerful support for international Communism. In this concept the Kremlin's primary instrument of aggression is the international Communist movement, to which the war-making power of the Soviet state is essentially auxiliary.

3. The Kremlin, however, pursues its ends in a world in which power politics is the prevailing mode of international relations. It expects capitalistic states to resort to war rather than submit to subversion or dissolution. Consequently, in its conduct of political and subversive operations, the Kremlin must keep constantly in view the strategic position of the USSR in relation to a constant possibility of armed attack and must view the conduct of non-Communist states in the same light.

4. It is estimated that, in present circumstances, the Kremlin is content to pursue its ends by normal Communist techniques and is unlikely to resort to open military aggression. It has at present no compelling reason to resort to war. It has reason to avoid war in the still vastly superior war-making potential of the non-Communist world and in exclusive US possession of the atomic bomb. The consideration most likely to cause the Kremlin deliberately to resort to war would be conviction that an attack on the USSR was actually in preparation and impossible to prevent by other means. The problem is whether consummation of an Atlantic Pact and adoption of a related US foreign military aid program on the scale envisaged would convince the Kremlin of the futility of its present tactics, leading to a detente in international relations, or convince the Kremlin that an attack on the USSR was actually in preparation, leading to a preventive war on Soviet initiative, or confirm the Kremlin's adherence to its present policy and cause an intensification of its current efforts.

5. In the eyes of the Kremlin the Pact and program would appear to confirm the validity of Communist doctrine regarding the conduct to be expected of a capitalistic society in its imperialistic stage. The military aid program would be taken, like ERP,

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to reflect the imperative necessity of such a society (the United States) to sustain its economy through exports. Regardless of the defensive terms employed, the Pact and program together would be interpreted as essentially hostile toward the USSR.

6. The Kremlin would seriously consider whether the Pact and program constituted specific preparation for eventual attack on the USSR. If their implementation were to include such specific actions as, for example, the construction of heavy bomber bases in Norway, the Kremlin might conceivably consider its apprehensions confirmed and deem it vital to prevent such developments, by force if they could not be prevented by other means. If, however, no more definite threat developed, the Kremlin would probably regard the danger as still potential rather than immediate in view of the time and effort required to make the Atlantic Powers capable of a decisive attack on the Soviet Union, and the possibilities for counteraction during the interval. Soviet counteraction on the basis of this appreciation would be political, psychological, and subversive in character. If (in Communist reckoning) this policy served only to delay, rather than to prevent, inevitable conflict, the delay would be advantageous in permitting the further development of Soviet power and the further undermining of that of the enemy. Except as attack may appear imminent and unavoidable, the Kremlin has no reason to abandon a strategy successful hitherto, and conceived to be scientifically certain of ultimate success, to accept the doubtful arbitrament of war.

7. The consummation of an Atlantic Pact and adoption of a US foreign military aid program, then, will neither convince the USSR of the futility of its present tactics nor provoke it to immediate preventive war. The immediate effect will be an intensification of Communist effort in forms already familiar with the purpose of nullifying and defeating the Pact and program. These efforts would include:

a. Intensification of the "peace offensive" with a view to exploiting the universal desire for peace and confusing Western opinion by identifying the USSR as a "peace-loving" nation and the United States as an "imperialistic warmonger." This effort would also seek to undermine support for the program in the United States and to curtail appropriations.

b. Direct attack on the Pact intended to persuade European participants that it was a device of US imperialism designed to impair their national sovereignty and to involve them in a new war for US benefit.

c. Pressure on peripheral states (e.g., Norway, Italy, Iran) to prevent their adherence to the Pact or acceptance of US aid. (The pressure might involve risk of war if the USSR were to miscalculate Western determination to resist.)

d. Propaganda intended to arouse mutual jealousy and distrust among the participants, especially with reference to the apportionment of military aid under the program.

e. Further consolidation of Soviet control in Eastern Europe, including the possible announcement of a corresponding defense pact.

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50. *(Continued)*

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8. If these efforts failed to prevent the successful implementation of the Pact and program, the Kremlin would still not be obliged either to abandon its basic purposes or to resort to preventive war. It could still continue its efforts to obstruct and retard Western European stabilization and recovery. Whenever convinced that these tactics had become unprofitable, it could seek a detente in Europe on terms intended to facilitate the long-term development of Soviet strength. Accustomed to the idea of an ebb and flow in the tide of revolutionary opportunity, the Kremlin would regard such a stabilization of the European situation as merely temporary and preliminary to a new crisis of capitalism opening the way to new revolutionary advances supported by an ever more powerful USSR.

9. If the assumed US military aid were to be withheld from the prospective recipients, the USSR would take advantage of the ensuing disillusionment in its efforts to extend its hegemony by all political, psychological, and subversive means.

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51. ORE 3-49, "Consequences of US Troop Withdrawal From Korea in Spring, 1949," 28 February 1949

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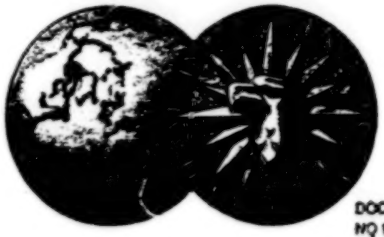

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51. *(Continued)*

CONSEQUENCES OF US TROOP WITHDRAWAL FROM KOREA IN SPRING, 1949

SUMMARY

Withdrawal of US forces from Korea in the spring of 1949 would probably in time be followed by an invasion, timed to coincide with Communist-led South Korean revolts, by the North Korean People's Army possibly assisted by small battle-trained units from Communist Manchuria. Although it can be presumed that South Korean security forces will eventually develop sufficient strength to resist such an invasion, they will not have achieved that capability by the spring of 1949. It is unlikely that such strength will be achieved before January 1950. Assuming that Korean Communists would make aggressive use of the opportunity presented them, US troop withdrawal would probably result in a collapse of the US-supported Republic of Korea, an event which would seriously diminish US prestige and adversely affect US security interests in the Far East.

In contrast, continued presence in Korea of a moderate US force, would not only discourage the threatened invasion but would assist in sustaining the will and ability of the Koreans themselves to resist any future invasion once they had the military force to do so and, by sustaining the new Republic, maintain US prestige in the Far East.

Note: The intelligence organizations of the Departments of State, Navy, and the Air Force have concurred in this report. For a dissent by the Intelligence Division, Department of the Army, see Enclosure A, p. 7. The information herein is as of 24 February 1949.

51. *(Continued)*

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CONSEQUENCES OF US TROOP WITHDRAWAL FROM KOREA IN SPRING, 1949

Assumptions:

1. Final US troop withdrawal would begin before June 1949;
2. Economic and military aid, to the extent presently projected would continue;
3. Continued antagonism between northern and southern Koreans to a degree presenting a constant danger of open hostilities.

Despite the real progress toward stability that has been achieved by the Republic of Korea in both political and military fields, it is doubtful if the Republic could survive a withdrawal of US troops in the immediate future. While Korean security forces now have the capability of maintaining internal security in the face of opposition from strong and efficient underground Communist forces in South Korea (see ORE 32-48), they are neither sufficiently trained nor sufficiently experienced to undertake actions requiring coordination on regimental and brigade levels. Such coordinated action would be necessary against the large-scale border penetrations and simultaneous countrywide internal disorders which would undoubtedly follow the withdrawal of US troops. In the face of combined invasion and uprising, in which local Communists and the North Koreans People's Army might have the assistance of battle-trained Communist units from Manchuria, as well as Soviet aid and advice, the maximum capability of Korean security forces would be control of certain isolated urban and rural areas. Despite a large turnover of personnel resulting from the recently instituted screening system calculated to rid the ranks of infiltrating Communists, the Army has added a considerable number of recruits in the past few months and has now reached a strength of 65,000. The present schedule calls for completion of all basic, battalion, and regimental training by 1 June 1949. It is estimated that an additional six months, at least, will be necessary to develop proficiency with organic equipment in large-scale field operations. Additional training in countering guerrilla techniques would enable the security forces to deal more effectively with large-scale Communist infiltrations. Completion of such additional training would be necessary before any appreciable ability to resist invasion could be guaranteed.

If US troops are withdrawn before the security forces of the Republic of Korea achieve such capabilities, they will not inspire confidence among their people, and until the people possess this confidence, a spirit of defeatism will grow; popular support of the government will diminish, and its will to resist Communist encroachment will be undermined. Although Soviet propaganda has been able to exploit the inherent Korean sentiment against foreign interference, the majority of thinking Koreans in the South have come to accept the continued presence of US troops as a condition necessary to free survival.

The presence of the American Mission in Korea (AMIK)[1] and the United Nations Commission on Korea (UNCOK), after the withdrawal of US troops, would mitigate

[1] AMIK includes the Diplomatic Mission, the ECA Mission, and the Provisional Military Advisory Group (PMAG). AMIK is generally responsible for supply and training of the Korean security force.

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the adverse effects of the withdrawal on the will of the southern Koreans to resist Communist revolts and invasions. Their presence probably would not, however, prevent the disintegration of the Republic of Korea and eventual Communist domination if US troops are withdrawn before the Korean security forces are capable of resisting a combination of external and internal attacks.

1. EFFECTS IN JAPAN AND SOUTHEAST ASIA.

a. Political and Psychological.

The political and psychological consequences of US troop withdrawal from Korea would be felt most acutely in Japan. Although many Japanese may anticipate eventual Communist domination of all Korea as a logical development, the impact of actuality would be considerable. Japanese fear of Communist power would increase along with doubts of US willingness or ability to defend Japan.[1] The Japan Communist Party would be strengthened by easier communication with Communist forces across the Tsushima straits and by the adherence of opportunistic converts. Similar political and psychological effects would follow to a lesser degree in other Far Eastern countries. Groups who have received or hoped for US support might question the sincerity of US intentions to oppose Communism and might feel forced to collaborate with heartened native Communists and assume a more moderate attitude toward the USSR.

b. Military.

Assuming that US troop withdrawal meant consolidation of Communist control over all Korea, the USSR would be able to develop bases in the South from which they could launch air, airborne, or amphibious attacks on Japan, Formosa, and the Ryukyus, or submarine forays against shipping in Japanese waters.

c. Economic.

Economic consequences, as such, would be unimportant. Japan would lose a potential small market for industrial goods and a potential producer of rice. The USSR would gain an additional source of unskilled labor for projects in the Soviet Far East. The potential contribution of consumer goods, particularly textiles, might also enhance the total productive effort of an integrated Korean-Manchurian-Soviet Far East economy.

d. Propaganda.

US troop withdrawal would, of course, enhance the US position by weakening Soviet propaganda on the issue of imperialism and aggression, but it would subject Koreans to inevitable terror propaganda that would play upon their isolated position in the Far East. Furthermore, it must be realized that the probable subsequent collapse of the Republic of Korea would be a news item of such magnitude as to offset any favorable propaganda effects that had been achieved either in Korea or in the Far East generally.

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[1] The deep concern aroused in Japan over the recent newspaper reports that the US might withdraw troops from Japan is a gauge of the reaction that would follow US troop withdrawal from Korea. The concern over a withdrawal from Korea, of course, would not be as great as that over a US withdrawal from Japan.

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2. EFFECTS ON US SECURITY.

Withdrawal of US troops stationed in South Korea would permit consolidation of US Far Eastern troop strength in the home islands of Japan and also eliminate the danger of having some forces in an untenable position in the event of hostilities with the USSR. Against this gain, however, must be weighed the fact that such withdrawal would allow immediate exploitation of South Korea by the USSR. Bases built there before the outbreak of hostilities would greatly assist Soviet forces in their war task of interdicting US positions in Japan, the Ryukyus, and the Philippines. In other Far Eastern countries, US withdrawal could and probably would be interpreted as weakness, and might further contribute to the fundamental realignment of forces in the Far East in favor of the Soviet Union for "practical reasons."

(For a discussion of Korean strategic and economic problems and of the contribution of US tactical troops to South Korean stability, see Appendix.)

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APPENDIX

Korea's Strategic Value

a. Geographic Considerations.

A major military power holding Korea would be in a favorable position to dominate the Sea of Japan, the Yellow Sea, and the Gulf of Chihli, to threaten the Soviet Maritime Province and southern Manchuria by ground attack; to threaten Japan and adjacent mainland areas by air, airborne, and amphibious attack, and to threaten targets deep within the USSR and China by long-range air attack. The Soviet Union, by means of interior lines of communication and relative proximity to sources of supply could maintain a military position in Korea at much less cost and effort than could the US.

b. Military Importance.

Southern Korea's strategic importance to the US rests principally on the fact that its denial to the USSR prior to an outbreak of general hostilities would prevent the development of advanced bases from which Soviet forces could threaten or neutralize US operational bases in Japan and the Ryukyus immediately upon any outbreak of hostilities. Such value as southern Korea would have as a defensive or offensive US base after the start of war with the USSR would, however, tend to be negated to the US by the scope of military operations required to hold and maintain a position there. Unless the US strategic plan permitted employment of the major forces necessary to maintain a base there, any US force present in southern Korea at the outbreak of hostilities would have to be written off or evacuated.

The present function of US troops in South Korea is purely psychological but no less important for that reason. Aside from the entirely unlikely event that the USSR would be willing to risk war over the issue of Korea, it is most improbable, so long as US forces are present, that Soviet troops would participate in an invasion of South Korea. It is similarly less likely that the North Koreans themselves, with or without other Communist aid, would make war on the South. It is obvious, however, that should an invasion take place despite their presence, US forces would either have to furnish active assistance to the South Korean Republic or be withdrawn, with serious loss of US prestige.

In the absence of US troops, it is highly probable that northern Koreans alone, or northern Koreans assisted by other Communists, would invade southern Korea and subsequently call upon the USSR for assistance. Soviet control or occupation of southern Korea would be the result.

The armed forces of southern Korea, although completely dependent on the US for training and logistic support, are of considerable strategic significance to the US insofar as they enhance the security of Japan. If fully developed, the Korean Army could, by itself, deny southern Korea's exploitation as a Communist offensive

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base in the period prior to an open attack by either major units of the Chinese Communist forces or by the USSR. The security of US bases in Japan would thus be enhanced while the strain on US manpower involved in occupying southern Korea would be decreased. Furthermore, if the Korean Army were specially trained in guerrilla warfare techniques, it might continue to serve US strategic interests by carrying on guerrilla warfare against a Soviet occupation.

c. *Economic Importance.*

Southern Korea, as a separate entity apart from northern Korea, has a deficit economy and is a liability to the US. The area can supply no strategic raw materials other than small amounts of tungsten and graphite. Only the intensive application of imported chemical fertilizers can bring about the surplus rice production which would increase Korean economic and political stability as well as contribute to the feeding of US-occupied Japan. Industrial production, presently insufficient for domestic requirements, is confined mainly to consumer goods. It is not of strategic value to the US except to the degree that rehabilitation and development may reduce the economic strain on the US involved in sustaining the economy.

Southern Korea is of some potential economic significance to the US in that integration of the economy of the Republic of Korea with economies of Japan, Formosa, and the Philippine Islands could result in a greater degree of economic stability in all the countries concerned.

d. *Political Importance.*

Survival of the Republic of Korea in the southern zone is strategically important to the US. The Republic not only serves as a deterrent to physical infiltration of Communist agents into Japan but, more important, represents for the Japanese and other nationals in the Far East, a symbol of US determination to resist further encroachments of Communist forces in eastern Asia. The Republic of Korea is one concrete evidence that the US is sincere in its professions of support for the struggle of the Far Eastern world against Communism. The continued survival of the Republic of Korea would be proof to the peoples of the Far East that Communist domination is not inevitable and would lessen the psychological impact of the fall of China.

US tactical forces in Korea now number approximately 8,000 as opposed to the original force of over 40,000. Their task has been reduced or has been turned over to indigenous institutions as the latter developed strength and efficiency. US troops today are only concerned with serving as a limited reserve which might be used to assist Korean security forces in maintaining internal order and stability; * as a deterrent to, but not an absolute guarantee against, an overt invasion by northern Korean forces; and, most important, as concrete and visible evidence to the Korean Army and to the Korean people generally that the US continues to support their government against threatened Communist domination.

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* Present Army forces in Korea are not charged, except indirectly, with assisting Korean security forces in maintaining internal order. United States troops, according to their present instructions, may intervene to maintain internal order in Korea only if attacked or if required to protect US nationals or property.

51. *(Continued)*

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ENCLOSURE "A"

DISSENT BY THE INTELLIGENCE DIVISION, DEPARTMENT OF THE ARMY

1. The Intelligence Division, Department of the Army, dissents from ORE 3-49, Consequences of US Troop Withdrawal from Korea in Spring, 1949. The Intelligence Division does not believe that US troop withdrawal would be the major factor in the collapse of the Republic of Korea. Neither does the Intelligence Division believe that "such withdrawal would allow immediate exploitation of South Korea by the USSR."

2. The Intelligence Division believes that an invasion of South Korea by the North Korean People's Army is a possibility at present, and recognizes that the likelihood of such an invasion will increase somewhat, following the departure of United States troops. However, the Intelligence Division considers that an invasion is a possibility, rather than a probability, for the following reasons:

a. Action short of invasion might bring about the result desired by North Korean and, presumably, Soviet authorities, without incurring the risks involved in a military operation. Such action could include the instigation of Communist-led disturbances in South Korea, the infiltration into the south of armed and trained agents and guerrillas, and continuation of border incidents on the 38th parallel.

b. The People's Army still is a relatively small, although well trained and efficient, military force. At present it does not have, of itself, the preponderance of strength over South Korean military forces which would be required to insure victory in an armed struggle. The People's Army, as a force in being, may well be considered by North Korean authorities to have greater value as a constant threat than if it were committed to a military adventure which conceivably could result in its defeat or in expenditure of its strength without proportionate returns.

3. The Intelligence Division concludes, for the reasons cited above, that an invasion of South Korea by North Korean forces is a possibility rather than a probability at the present time; and further, that this state will continue until such time as South Korean military forces are reduced to such a state as to render them incapable of resisting significant North Korean military action.

4. Further, it is the belief of the Intelligence Division that political and economic factors other than the presence or absence of United States troops will have a decisive influence on the future course of events in Korea, and that the continued maintenance of a small United States Army force in South Korea would be only a relatively minor psychological contribution to the stability of the Republic of Korea. If continued economic and military aid to the Republic of Korea, to the extent presently projected, plus the presence of a United Nations Commission, are not sufficient to sustain South Korean morale and will to resist Communist expansion, it appears doubtful that the presence of a small United States combat force would do so.

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52. ORE 29-49, "Prospects for Soviet Control of a Communist China," 15 April 1949

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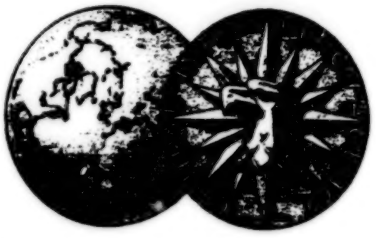

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PROSPECTS FOR SOVIET CONTROL OF A COMMUNIST CHINA *

SUMMARY

It is the intention of the Soviet Union to advance toward its goal of eventual world domination by adding to the Soviet orbit the enormous territory and population of China, and by employing China to facilitate Soviet expansion into other Far Eastern areas.

A coalition government formed by the Chinese Communists, while representing a temporary tactical maneuver, will contain no elements capable of offering real opposition to the Communists.

A moderate Chinese Communist policy toward small business proprietors, landowners, and peasants will help to gain popular support, at least until the government feels strong enough to launch into the more vigorous phases of communization.

The Communist timetable in China will be flexible and will be influenced by internal conditions in China generally, as well as by the international situation. The complexities of ruling a country like China will, undoubtedly, retard the consolidation of Communist control, but these complexities in themselves probably cannot, in the long run, prevent it.

The Chinese Communists will support Soviet foreign policy by diplomatic moves calculated to embarrass the Western Powers, by blatant anti-Western propaganda, and by assistance to the Communist parties and nationalist movements of Asia.

Foreign loans which involve no political commitments will be negotiated by the Chinese Communists wherever possible, and foreign trade (under state supervision) will undoubtedly be continued with non-Communist countries. This policy does not imply permanent benevolence toward foreign business interests in China.

The Soviet Union will attempt to use the CCP as its chief instrument to consolidate control over China as it has successfully used the various national Communist parties of Eastern Europe. The strong influence exerted by the Soviet Union over the Chinese Party has been variously revealed and provides ample indication that the present leadership of the Chinese Communists identifies itself solidly with international Communism as promulgated by Moscow. The Kremlin will endeavor to prevent possible cleavages in the Party leadership from jeopardizing eventual Soviet control over China.

The present Sino-Soviet Treaty can be directed at the US and its allies, and other agreements may provide for a high degree of economic and military integration between the USSR and China. At the same time, in accordance with its strategy of creating on its borders easily dominated political entities, the Soviet Government will probably press for political autonomy in all present Chinese border areas adjacent to the USSR.

Note: The intelligence organizations of the Departments of State, Army, Navy, and the Air Force have concurred in this report. The information herein is as of 12 April 1949.

* This paper discusses a pattern of developments which should become apparent prior to 1951.

52. *(Continued)*

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It must be emphasized that the process of consolidation of Soviet control over China will unquestionably encounter considerable difficulty, in view of the many potential points of conflict between the USSR and the Chinese Communists, e.g., the issues of US aid, control of peripheral areas, control of assistance to Communist movements in other Far Eastern areas, and the subservience which Moscow will undoubtedly demand of the CCP. While some opposition to Moscow control probably exists in the CCP, for such opposition to be effective the dissident groups must wrest the control apparatus from the pro-Moscow leadership, or that leadership itself must change its policy toward Moscow. Until evidence is available that an effective opposition is developing, it is concluded that the CCP will remain loyal to Moscow.

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PROSPECTS FOR SOVIET CONTROL OF A COMMUNIST CHINA

1. Soviet Intentions in China.

Present Soviet policy is aimed at eventual world domination, to be achieved through the establishment of national Communist regimes controlled and directed from Moscow.

Soviet intentions in China are twofold. The first involves adding to the Soviet orbit the enormous territory and population of China (thereby bringing under Soviet control three-fourths of the Eurasian land mass) and, conversely, denying China to the West as a potential base of operations against the USSR. The second embraces use of China as an advance base to facilitate Soviet penetration of Southeast Asia, including Indonesia and the Philippines; the outflanking of India-Pakistan and the strategically important areas of the Middle and Near East; and eventually control of the entire Asiatic continent and the Western Pacific.

2. Prospects for Chinese Communist Control of China.

a. *Communist-Controlled "Coalition."*

The Communists have announced that they will form a coalition government upon coming to power in China. By their own definition, such a coalition government will be one "led by the Chinese Communist Party, the various democratic parties and the representatives of the various people's associations which truly represent the Chinese people," and will exclude all "reactionary elements." The coalition will enable the CCP to claim establishment of a truly representative government for all China. The coalition will be Communist-controlled from the outset, which from a Marxist point of view, will be a "revolutionary" phase beyond that seen in those Eastern European governments in which the Communist minority parties entered legally and later wrested control from the others. Thus the coalition will avoid what is usually a difficult and dangerous step on the road to Communist dictatorship, but the CCP will still be faced with the problem of gaining the support of the people it claims to represent.

b. *Chinese Communist Internal Policy.*

The internal policies of the Communist-controlled government will be determined, not by the policies currently in force in the USSR, but by the present stage of development of the Chinese revolution according to orthodox Communist theory. This stage, at the moment of Communist victory in the Chinese civil war, would correspond roughly to that represented in the Bolshevik Revolution, when in 1920 the Bolsheviks had defeated their enemies inside Russia. The NEP (New Economic Policy), a temporary tactical retreat, was aimed at conciliating the hostile elements in the Russian population and thereby hastening the economic reconstruction of the country. Mao Tse-tung's concept of "interim capitalism," the first stage of revolution in a "colonial" area, has much the same ends in view.

[redacted]

The moderate CCP policy toward small business proprietors and landowners, as well as the peasant class, will probably gain wide support for the Communist regime. While the basis for future development of Chinese industry will, in all likelihood, be established by the nationalization of large-scale industrial and commercial enterprises, the toleration of small business by the regime at this time should win the favor of a large segment of the population. Limited agricultural reforms, on the other hand, such as reduction of land rents and interest rates, and land distribution, will be welcomed by the peasants. Agricultural cooperatives are also likely to be a goal of the Communist Government. Collectivization on the Soviet model, however, will probably not be attempted on a large scale for many years to come, both because of the opposition it would arouse among the peasants and because it is at the present time technically impracticable in southern China's rice-growing areas.

A government-sponsored movement to increase the size of fields under cultivation would, nevertheless, help to create the physical conditions necessary for the development of collective farms. Through preferential taxes, subsidies for cooperative farmers, and a system of machine-tractor stations for use of the cooperatives alone, a strong trend in the direction of collectivized agriculture could be established.

The Communist Government can be expected eventually to incorporate these economic aspirations in a Three- or Five-Year Plan which will lay down the blueprint for development in the immediate future.

At the outset, the Communists will devote their energy toward establishing complete control over the central government. (The strength of this government may, however, be reduced by Soviet territorial annexations in Sinkiang and Inner Mongolia, and by the maintenance of a special Soviet position in Manchuria.) As control of this central government is consolidated in the various areas, local governments, theoretically exercising complete autonomy within their own territories, will be created along the lines of the Soviet political structure, and eventually the form, if not the name of a "Union of Democratic Republics" of China will be utilized.

In addition, a constitution modeled on that of the Soviet Union will be drafted to provide, on paper, for freedom of speech, worship, and assembly, while guaranteeing local and racial autonomy, and the right to use their own languages in schools, courts, and other official institutions to China's minority groups. The constitution may also provide for the limited nationalisation of industry envisaged by Chinese Communist leaders as applicable in the present stage of revolution.

The Communists, in "reorganizing" the armed forces, will eliminate those elements which have already proved unreliable, and devise means to detect others as they appear.

The Communists also will not neglect to integrate existing Communist police organizations into the present Nationalist police force, attempting to improve, perhaps with the aid of Russian specialists, the secret police which they have formed on the Soviet model.

c. Obstacles to Communist Consolidation of Power.

In implementing the measures outlined above, the Communist timetable will be flexible and will be influenced by internal conditions in China generally, as well as by

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the international situation. The underdeveloped and often non-existent communications in this vast country render most difficult any effective centralized control. Other formidable obstacles to Communist consolidation of power in China are: (1) The problems inherent in collectivizing a small-scale agrarian economy; (2) the difficulties involved in superimposing state control on the present decentralized financial structure; and (3) the cultural conservatism of the Chinese people and their stubborn resistance to encroachment on their innate sense of property rights. The complexities of ruling a country like China will, undoubtedly, retard the consolidation of Communist control, but these complexities in themselves probably cannot, in the long run, prevent it.

3. CHINESE COMMUNIST FOREIGN POLICY.

a. Pro-Soviet and Anti-Western.

In accordance with the frequently expressed belief of Communist spokesmen that "the world is divided into two camps," Chinese Communist leaders may be expected to give aggressive support to the diplomacy of the "progressive-democratic countries." This will involve Chinese diplomatic measures calculated to advance the ends of Soviet foreign policy and to embarrass the Western Powers; blatant anti-Western propaganda; and assistance to the Communist parties and nationalist movements of Asia.

The new government will continue to explain its actions against the Western Powers in terms of protecting Asia against Western (particularly US) "imperialism," and of safeguarding China's territorial integrity and national sovereignty. The Communist government will probably bring pressure to bear upon the US to withdraw its military forces from Tsingtao or from any future bases established on Taiwan; and, in time, upon Great Britain to give up Hongkong. China will continue to assert its claim to Taiwan, and perhaps, to the Ryukyu Archipelago, which is presently under US occupation.

b. Foreign Trade and Assistance.

It seems likely that foreign loans which involve no political commitments will be negotiated wherever possible, and foreign trade (under state supervision) will undoubtedly be continued. Trade agreements with non-Communist countries will for the most part be calculated to procure for China petroleum, machinery, steel, manufactured goods, and other products which cannot be readily supplied by the Soviet Union. The USSR will seek to obtain, by means of a trade agreement with the new government, required amounts of such Chinese products useful to it as tin, antimony, and tungsten, supplying (or promising to supply) in return Soviet manufactured goods and possibly agricultural products. In addition to these direct economic advantages for itself, the USSR will endeavor to make use of Chinese trade and the resources of Manchuria to exert political pressure upon Japan and the countries of Southeast Asia.

The Communists have given some indication that they would like foreigners to continue "business as usual." This seems to be a move calculated to win easier recognition for their government and minimize foreign opposition to the change of regime. Such a policy recognizes the transitional contribution that foreign interests

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can make to economic and social stability; it does not imply permanent benevolence toward foreign business interests in China.

4. Soviet Relations with the Chinese Communists.

a. The CCP as a Soviet Instrument.

The Soviet Union will attempt to use the CCP as the chief instrument to extend its control over China as it has successfully used various national Communist parties of Eastern Europe. While the basic techniques for the extension of Soviet control will be drawn from the experience gained in Eastern Europe, these techniques will be adapted to the peculiarities of China: its vast size as compared with the countries of Eastern Europe, the absence of Soviet military occupation except in parts of Manchuria, and the lack of ethnic and cultural bonds with the Soviet Union. In addition, Stalin will be mindful of the unfortunate results of Moscow's attempt to direct developments in China during the 1920's.

b. Solidarity of Chinese Communists with Moscow.

Coming at a time when it would appear to the advantage of the Chinese Communists to profess some degree of independence, the constant profession by the leaders of the Chinese Communist Party of their place in the world Communist movement and reiteration of the absolute primacy of the Soviet Union in this movement, is ample indication that the present leadership of the Chinese Communists identifies itself solidly with international Communism as promulgated by Moscow.

The Chinese Communists have not deviated in any way from the Soviet line on international affairs, as was strikingly demonstrated, for example, in their endorsement of the Cominform condemnation of Tito. Whether this action was the result of Soviet pressure or of the ideological affinity of the CCP to the world Communist cause, it revealed the powerful influence exerted by the Soviet Union over the Chinese Party. By this action, furthermore, the CCP Central Committee was condemning a tendency toward national independence which many of its members might previously have thought compatible with the international Communist movement and certainly applicable to their own country.

Later, Mao Tse-tung, in commemorating the 31st anniversary of the Bolshevik revolution, called on the "revolutionary forces" throughout the world to unite behind the Soviet Union against "American imperialism." A more recent revelation of the strong pro-Soviet orientation of the Chinese Communists was the series of articles by Liu Shao-chi, Deputy Chairman of the CCP Politburo, reconciling nationalism and "proletarian internationalism." The author clearly announced that the Chinese Communist Party is committed to a positive pro-Soviet line. "Neutrality," he said, "is impossible. If you do not stand in the imperialist camp helping American imperialism and its stooges to enslave the world and your own nation, you must stand in the anti-imperialist camp. . . ."

c. Soviet Liaison with CCP.

The Soviet Union in its relations with the Chinese Communists has, in the past, been most circumspect. It may be assumed that Soviet-CCP liaison exists, and

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it has been frequently claimed by the Chinese Nationalist Government and others that military and political advice is given to the Chinese Communist leaders by Russians. However, there is no positive evidence to substantiate these claims. The proximity to the USSR of Chinese Communists in North China and Manchuria would make liaison easy and concealment of such liaison effective. Furthermore, it is a basic practice of the Kremlin carefully to hide its connections with foreign Communists until their accession to power.

The consolidation of Communist control in China during the first phase will probably be influenced by Soviet representatives operating unobtrusively under the cover of diplomatic, technical, commercial, or military missions. Undoubtedly, additional Russian diplomatic and consular officers, as well as cultural and newspaper representatives, will be sent to China soon after the Communist accession to power. These people will be charged with keeping a watchful eye on the activities of the Chinese Communists. As a recent *Pravda* article pointed out: "The experience of the Communist Party of the Soviet Union is basically, fundamentally, and essentially acceptable to, and compulsory for, the Communist parties of all lands that are fighting for a socialist revolution or have launched upon the building of socialism."

d. Chinese Communist Leadership.

Almost half of the present members of the CCP Central Committee and the Political Bureau have had training in Moscow, and many other members have received indoctrination through the French Communist Party. Although training in Moscow or Paris is no guarantee of fidelity, such training is regarded by the Kremlin as one of the most important factors in developing the loyalty and discipline of non-Soviet Communists.

e. Soviet Methods to Effect Compliance of CCP.

The Soviet Union and those Communist leaders whose loyalty to the Kremlin is unquestioned are well aware of the danger of cleavages in the Party leadership and will endeavor to prevent the development of any movement which might jeopardize the Soviet effort to establish control over China.

A tested tactic employed by the USSR in maintaining control over local parties is the establishment of a system of checks and balances within the party leadership through pitting one personality against another. Although it has been claimed that the relationship between Mao Tse-tung and Li Li-san might lend itself to such a technique, at present evidence is lacking either that Li's standing in the Party, or his actual power in Manchuria, is sufficient to be an effective check on Mao. It is likely that the principle of checks and balances is operating within the CCP, but its application to specific figures is unknown.

f. Soviet-Chinese Mutual Assistance Pacts.

The Soviet Union will continue to include China in its existing system of mutual assistance pacts with countries bordering on the Soviet Union. The Sino-Soviet Treaty of Friendship and Alliance, signed in August 1945, provides that both the USSR and China will "undertake . . . jointly all measures in their power to render

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impossible a repetition of aggression . . . by Japan." Thus, the Treaty can be aimed at the US and its allies, while ostensibly intended for a former enemy. Additional agreements will probably call for "close collaboration in the interests of peace" and the "strengthening of economic and cultural ties," and may provide for a high degree of economic and military integration between the two countries, including the dispatch of military and technical "advisers" to China, the construction, reconstruction, and equipping of airfields in Chinese territory, and the formation of Soviet-Chinese stock companies for the development of industrial and mineral resources, especially those which contribute directly to the Soviet military potential.

Similar pacts have been concluded by the Soviet Union with the "Mongolian People's Republic" and the "Democratic People's Republic" of Northern Korea. An interlocking series of bilateral agreements among the Far Eastern "republics" may also be negotiated.

g. Political Control of Peripheral Areas.

The Soviet Government will probably press for political autonomy of all present Chinese border areas adjacent to the USSR. Such an arrangement might open the way for eventual Soviet annexation of these areas. In any event the policy would be in accordance with the Kremlin's strategy of creating easily dominated political entities on the Soviet borders.

In line with guaranteeing Soviet economic interests in Manchuria, the USSR will probably retain some special rights in Dairen and in the Port Arthur naval base area. This is possible under the 1945 Sino-Soviet Treaty of Friendship and Alliance, which provides for the special Soviet position in Manchuria.

The Soviet Government, while attempting to establish in Manchuria the virtual autonomy of an absolutely reliable wing of the Chinese Communist Party, will not necessarily attempt to deprive the Chinese Communist Government of a nominal sovereignty over Manchuria, but will certainly seek to preserve hegemony in that area. In this manner, the USSR could better insure its access to the raw materials of Manchuria, while at the same time creating a safeguard against possible political deviations on the part of Chinese Communist leaders.

In all likelihood, the USSR favors the formation of an autonomous territory of Sinkiang, possibly with a view to creating a new Soviet Union Republic at some time in the future.

The Soviet Union might also induce a Chinese Communist Government to relinquish its claim to sections of Inner Mongolia, in favor of the Mongolian People's Republic.

5. Potential Points of Conflict Between the USSR and Chinese Communists.

a. The Issue of US Aid.

The USSR, intent upon the elimination of US influence from China, would almost certainly disapprove a Communist effort to obtain US aid under ECA. Although it is most unlikely that the issue of US aid could in itself effect a change in the orientation of a Communist-dominated government, it is possible that this issue, especially

if the USSR were unable or unwilling to supply the aid itself, would strengthen the influence of those groups within the CCP that seek to avoid Soviet domination.

b. *The Issue of the Border Areas.*

The issue of control of peripheral areas will probably prove to be one of the most important testing grounds of Sino-Soviet relations. The objective of the USSR in seeking control of these areas is primarily to strengthen its basic strategic position in the Far East. If, however, it appears to the Chinese Communists, as it may, that the USSR is attempting to weaken the Communist Government of China by depriving it (whether actually or in effect) of control over the border regions, the possibility of a schism within the CCP or between the CCP and Moscow will be increased. While the Communist Government of China would probably not risk open rebellion against the USSR over the issue of border areas, aggressive and clumsy maneuvers by the USSR in those areas would probably result in the disaffection and insubordination of a significant section of the party.

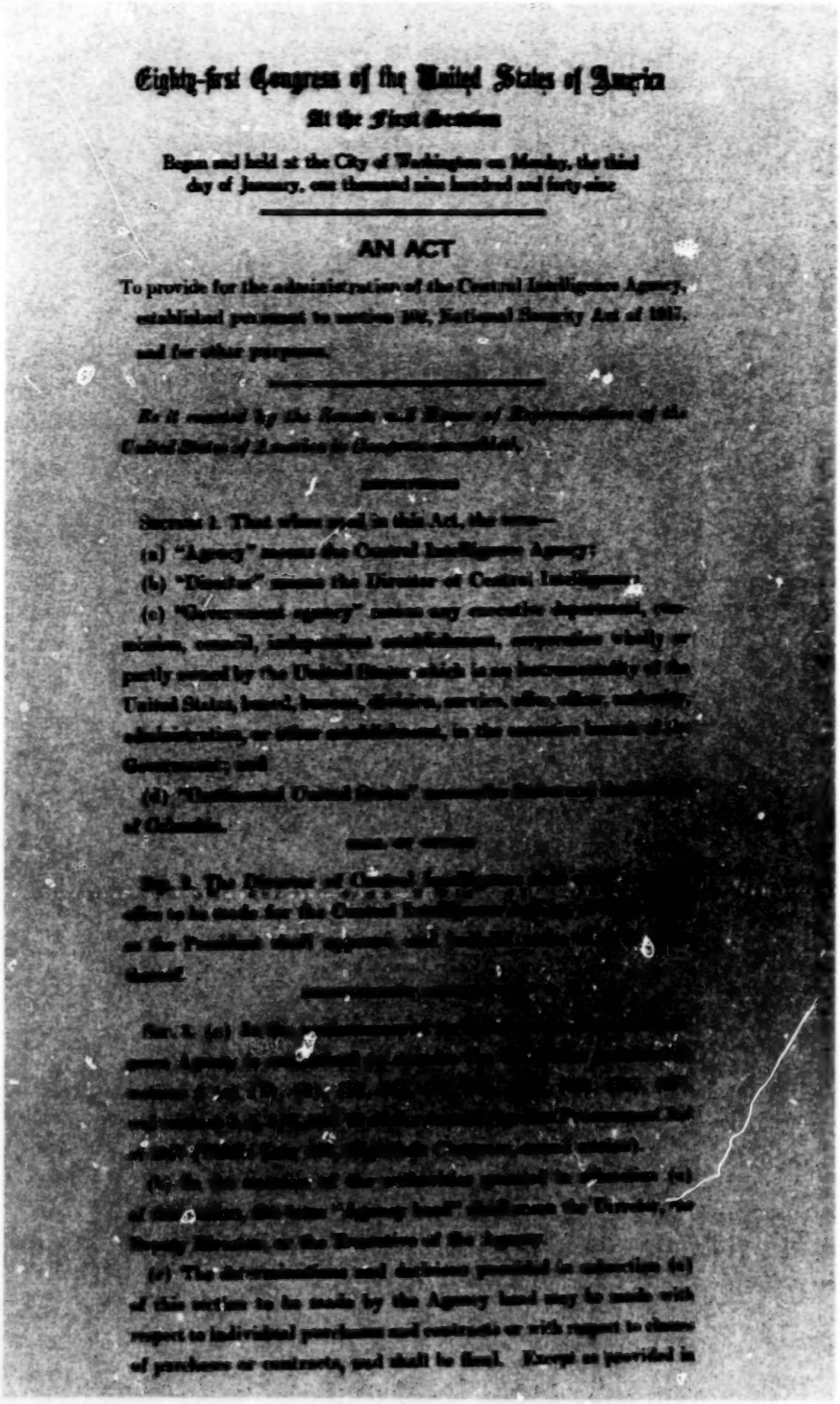
c. *The Issue of Communist Movements in the Far East.*

The USSR will of course welcome the assistance of the CCP in promoting the growth of Communism in the Far East, but the USSR must prevent the CCP from exercising independently a major influence over these movements. The USSR will attempt to control this assistance through existing Soviet channels for liaison and direction. This will be one of the most important areas of potential conflict between the USSR and the Chinese Communists.

d. *The Issue of Subservience to Moscow.*

As extension of Soviet control over the CCP becomes more obvious, it can be expected that some cleavages in the Communist high command will occur, possibly resulting in the defection of certain leaders. Adding to the potential dangers facing the Soviet Union in its consolidation of power is the large number of present members of the Chinese Communist Party who are not convinced Stalinists, and hence not altogether reliable as Communists. Those leaders who wish to oppose Moscow control are potential rallying points for the lukewarm elements in the party and the population. For such opposition to be effective, however, the dissident groups must wrest the control apparatus (i.e., party organization, secret police, army) from the pro-Moscow leadership, or that leadership itself must change its policy toward Moscow. Until evidence is available that an effective opposition is developing, it follows that the Chinese Communists will remain allies of Moscow.

53. Central Intelligence Agency Act of 1949, 20 June 1949 (Photograph)



Eighty-first Congress of the United States of America

At the First Session

Begun and held at the City of Washington on Monday, the third day of January, one thousand nine hundred and forty-nine

AN ACT

To provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

[illegible]

Sec. 1. That when used in this Act, the term—

(a) "Agency" means the Central Intelligence Agency;

(b) "Director" means the Director of Central Intelligence;

(c) "Government agency" means any executive department, commission, council, independent establishment, corporation wholly or partly owned by the United States which is an instrumentality of the United States, board, bureau, division, service, office, officer, authority, administration, or other establishment, in the executive branch of the Government; and

(d) "Continental United States" [illegible] of Columbia.

[illegible]

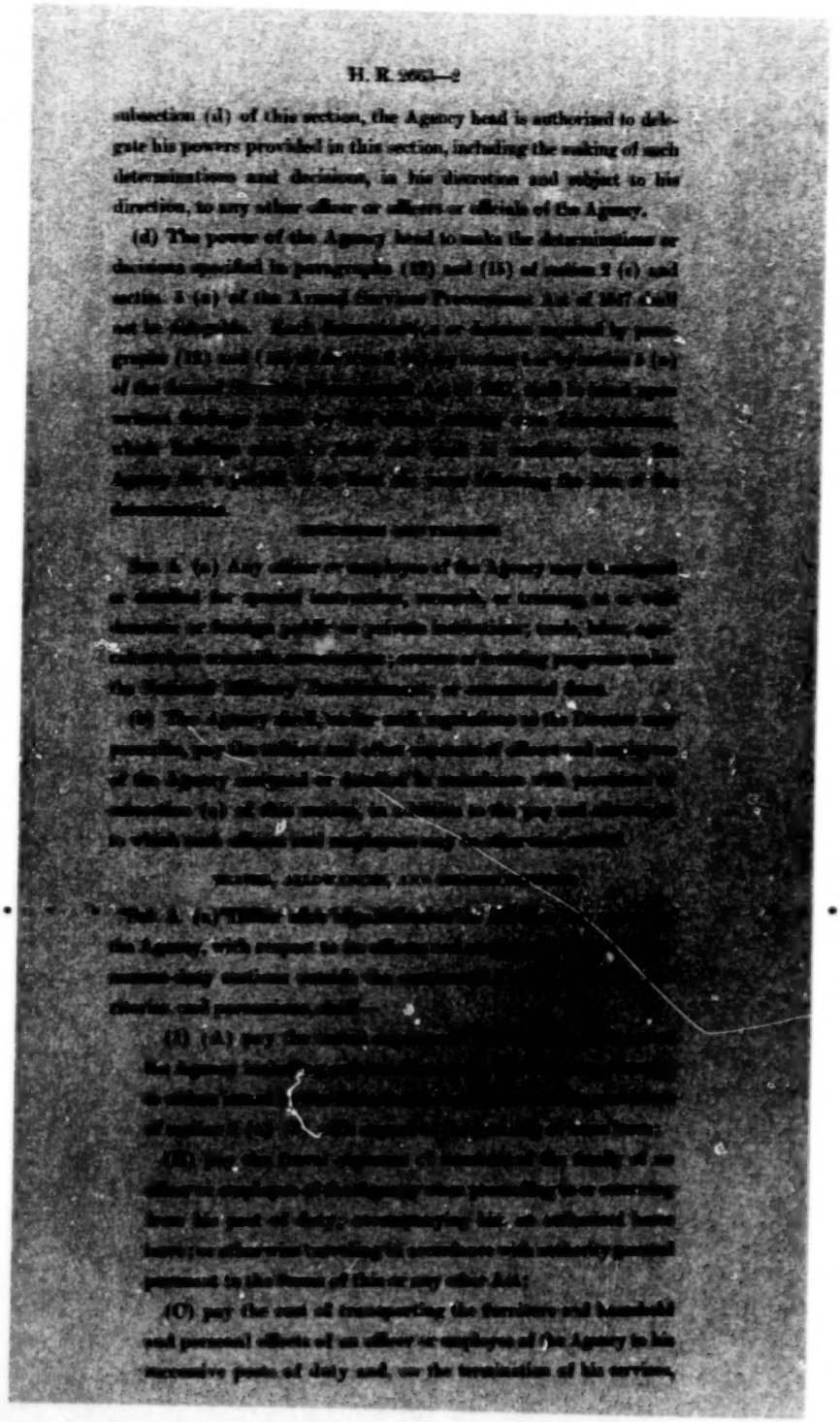
Sec. 2. The Director of Central Intelligence [illegible] office to be made for the Central Intelligence [illegible] as the President shall approve, and [illegible] thereof.

[illegible]

Sec. 3. (a) In the [illegible] Agency is [illegible] [illegible] (b) In the exercise of the authorities granted in subsection (a) of this section, the term "Agency head" shall mean the Director, the Deputy Director, or the Executive of the Agency.

(c) The determinations and decisions provided in subsection (a) of this section to be made by the Agency head may be made with respect to individual purchases and contracts or with respect to classes of purchases or contracts, and shall be final. Except as provided in

53. *(Continued)*



subsection (d) of this section, the Agency head is authorized to delegate his powers provided in this section, including the making of such determinations and decisions, in his discretion and subject to his direction, to any other officer or officers or officials of the Agency.

(d) The power of the Agency head to make the determinations or decisions specified in paragraphs (12) and (15) of section 2 (c) and section 5 (a) of the Armed Services Procurement Act of 1947 shall not be delegable. Each determination or decision required by paragraphs (12) and (15) of section 2 (c) by section 4 or by section 5 (a) of the Armed Services Procurement Act of 1947, shall be based upon written findings made by the officer making such determinations, which findings shall be held and shall be available within the Agency for a period of at least six years following the date of the determination.

[illegible]

Sec. 5. (a) Any officer or employee of the Agency may be assigned or detailed for special instruction, research, or training, at or with domestic or foreign public or private institutions; trade, labor, agricultural, or scientific associations; courses or training programs under the National Military Establishment; or commercial firms.

(b) The Agency shall, under such regulations as the Director may prescribe, pay the tuition and other expenses of officers and employees of the Agency assigned or detailed in accordance with provisions of subsection (a) of this section, in addition to the pay and allowances to which such officers and employees may be otherwise entitled.

[illegible]

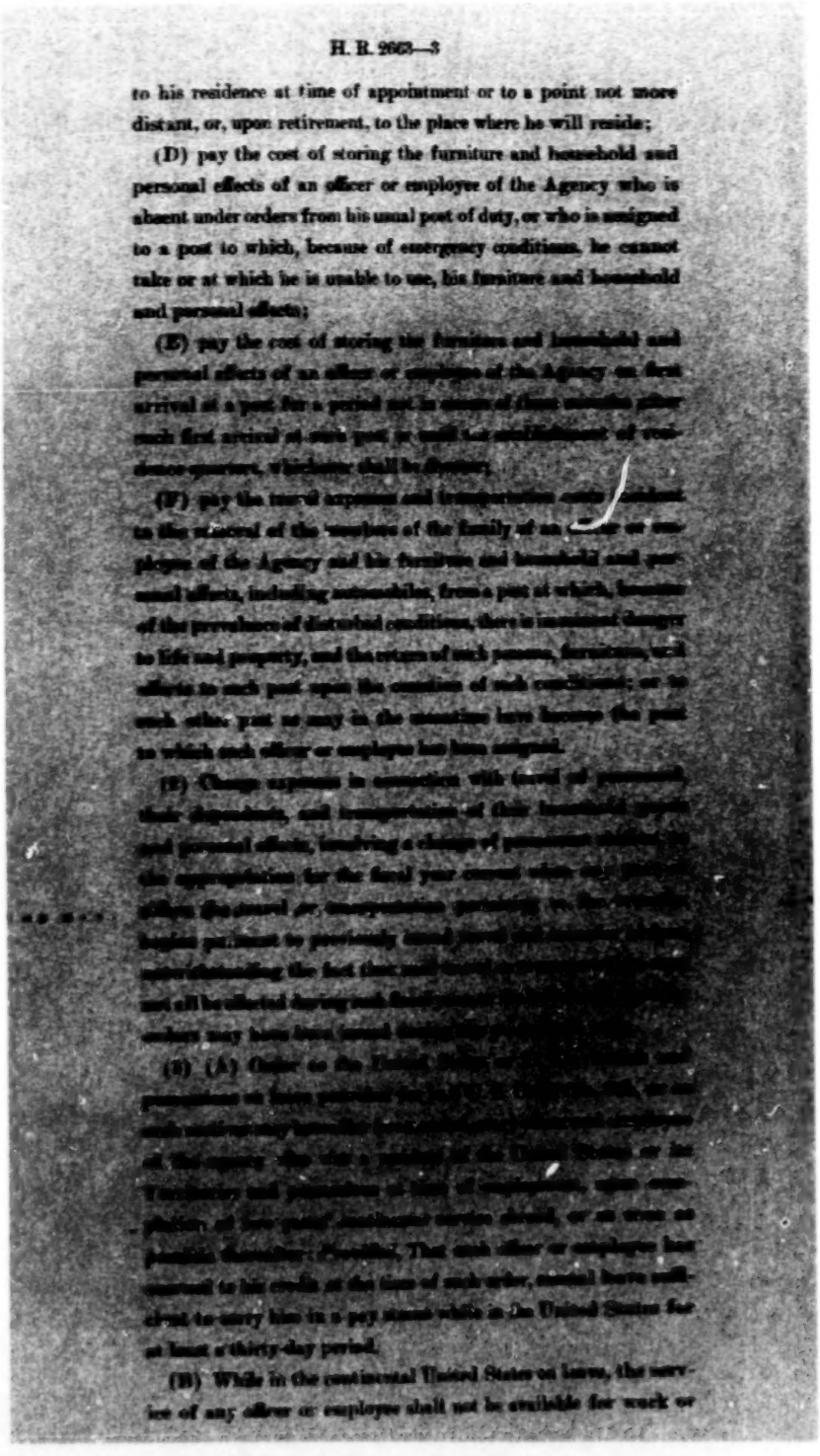
Sec. 6. (a) Officer [illegible] the Agency, with respect to its officers [illegible] [illegible] duty stations outside the [illegible] [illegible] and possessions, shall—

(1) (A) pay the [illegible] the Agency [illegible] [illegible] of section 5 (a) [illegible] [illegible];

(B) pay the travel expenses of [illegible] the family of an officer or employee of the Agency when proceeding to or returning from his post of duty, accompanying him, on authorized home leave; or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act;

(C) pay the cost of transporting the furniture and household and personal effects of an officer or employee of the Agency to his successive posts of duty and, on the termination of his services,

53. *(Continued)*



to his residence at time of appointment or to a point not more distant, or, upon retirement, to the place where he will reside;

(D) pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency who is absent under orders from his usual post of duty, or who is assigned to a post to which, because of emergency conditions, he cannot take or at which he is unable to use, his furniture and household and personal effects;

(E) pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency on first arrival at a post for a period not in excess of three months after such first arrival at such post or until the establishment of residence quarters, whichever shall be shorter;

(F) pay the travel expenses and transportation costs incident to the removal of the members of the family of an officer or employee of the Agency and his furniture and household and personal effects, including automobiles, from a post at which, because of the prevalence of disturbed conditions, there is imminent danger to life and property, and the return of such persons, furniture, and effects to such post upon the cessation of such conditions; or to such other post as may in the meantime have become the post to which such officer or employee has been assigned.

(2) Charge expenses in connection with travel of personnel, their dependents, and transportation of their household goods and personal effects, involving a change of permanent [illegible] to the appropriation for the fiscal year current when any [illegible] offers the travel or transportation pertaining to the [illegible] begins pursuant to previously issued travel and [illegible] notwithstanding the fact that such travel or [illegible] not all be effected during such fiscal [illegible] orders may have been issued during [illegible]

(3) (A) Order to the United States or [illegible] and possessions on leave provided for in [illegible] or as such motives may [illegible] of the agency who are a resident of the United States or its Territories and possessions at time of employment, upon completion of two years' continuous service abroad, or as soon as possible thereafter: *Provided*, That such officer or employee has accrued to his credit at the time of such order, annual leave sufficient to carry him in a pay status while in the United States for at least a thirty-day period.

(B) While in the continental United States on leave, the service of any officer or employee shall not be available for work or

53. ***(Continued)***

duties except in the agency or for training or for reorientation for work; and the time of such work or duty shall not be counted as leave.

(C) Where an officer or employee on leave returns to the United States or its Territories and possessions, leave of absence granted shall be exclusive of the time actually and necessarily occupied in going to and from the United States or its Territories and possessions, and such time as may be necessarily occupied in awaiting transportation.

(4) Notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Agency, a privately owned automobile in any case where it shall be determined that water, rail, or air transportation of the automobile is necessary or expedient for any part or of all the distance between points of origin and destination, and pay the costs of such transportation.

(5) (A) In the event of illness or injury requiring the hospitalization of an officer or full time employee of the Agency, not the result of vicious habits, intemperance, or misconduct on his part, incurred while on assignment abroad, in a locality where there does not exist a suitable hospital or clinic, pay the travel expenses of such officer or employee by whatever means he shall deem appropriate and without regard to the Standardized Government Travel Regulations and section 10 of the Act of March 3, 1933 (47 Stat. 1516; 5 U. S. C. 73b), to the nearest locality where a suitable hospital or clinic exists and on his recovery pay for the travel expenses of his return to his post of duty. If the officer or employee is too ill to travel unattended, the Director may also pay the travel expenses of an attendant;

(B) Establish a first-aid station and provide for the services of a nurse or a post at which, in his opinion, sufficient personnel is employed to warrant such a station. Provided, That, in his opinion, it is not feasible to utilize an existing facility;

(C) In the event of illness or injury requiring hospitalization of an officer or full time employee of the Agency, not the result of vicious habits, intemperance, or misconduct on his part, incurred in the line of duty while such person is assigned abroad, pay for the cost of the treatment of such illness or injury at a suitable hospital or clinic;

(D) Provide for the periodic physical examination of officers and employees of the Agency and for the cost of administering inoculations or vaccinations to such officers or employees.

53. ***(Continued)***

(6) Pay the costs of preparing and transporting the remains of an officer or employee of the Agency or a member of his family who may die while in travel status or abroad, to his home or official station, or to such other place as the Director may determine to be the appropriate place of interment, provided that in no case shall the expense payable be greater than the amount which would have been payable had the destination been the home or official station.

(7) Pay the costs of travel of [illegible] and their dependents, and the transportation of their household goods and personal effects, from places of assignment in foreign countries or [illegible] to places of employment and return to their actual residences at the time of appointment or a point not more distant: *Provided*, That such appointees agree in writing to remain with the United States Government for a period of not less than twelve months from the time of appointment.

Violation of such agreement for personal convenience of an employee or because of separation for misconduct will bar such return payments and, if determined by the Director or his designee to be in the best interests of the United States, any money expended by the United States on account of such travel and transportation shall be considered as a debt due by the individual concerned to the United States.

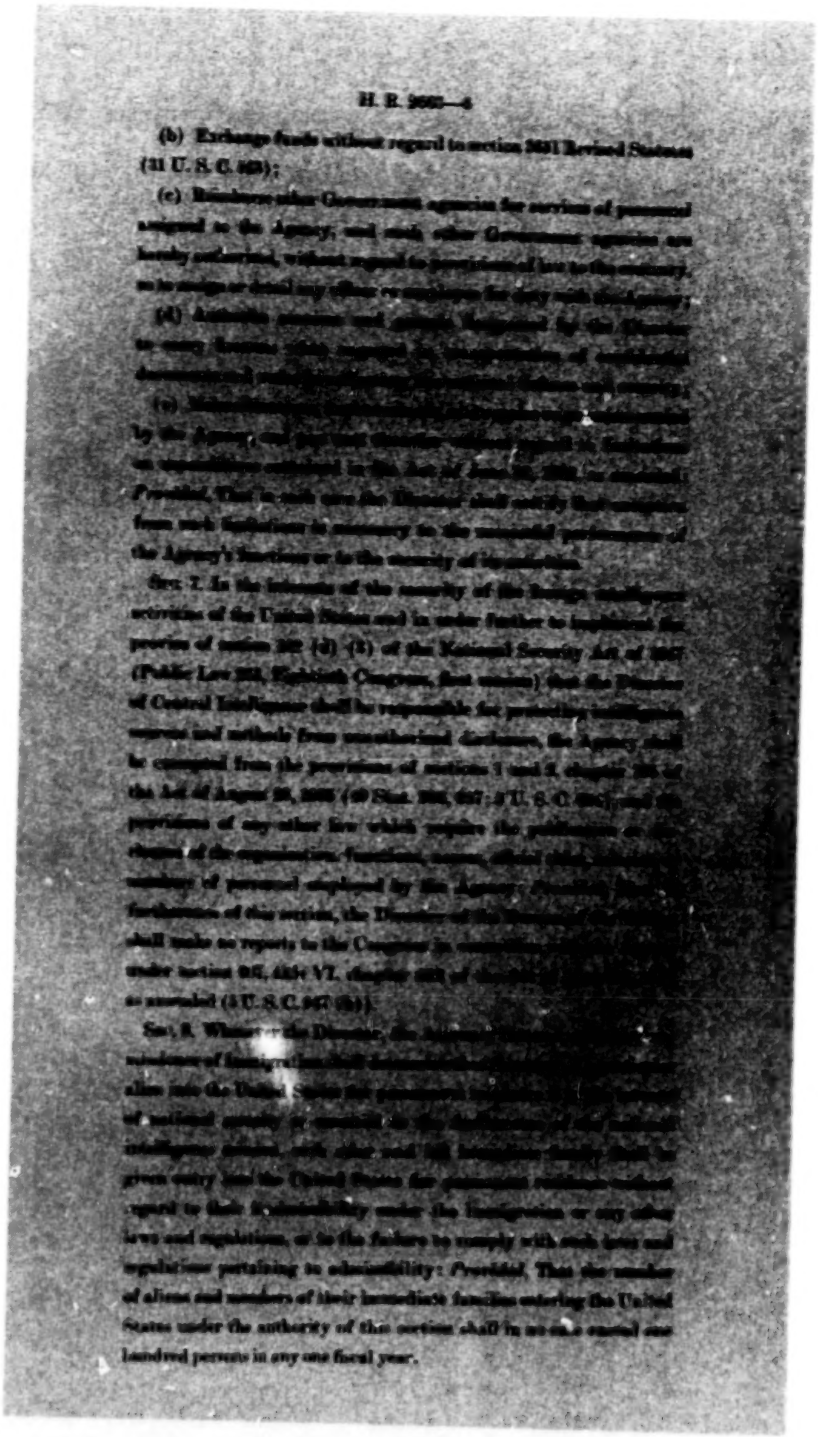
(b) In accordance with such regulations as the President may prescribe and notwithstanding the provisions of section 1765 of the Revised Statutes (5 U. S. C. 70), the Director is authorized to grant to any officer or employee of the Agency allowances in accordance with the provisions of section 901 (1) and 901 (2) of the Foreign Service Act of 1946.

[illegible]

SEC. 6. In the performance of its functions, the Central Intelligence Agency is authorized to—

(a) Transfer to and receive from other Government agencies such sums as may be approved by the Bureau of the Budget, for the performance of any of the functions or activities authorized under sections 102 and 303 of the National Security Act of 1947 (Public Law 253, Eightieth Congress), and any other Government agency is authorized to transfer to or receive from the Agency such sums without regard to any provisions of law limiting or prohibiting transfers between appropriations. Sums transferred to the Agency in accordance with this paragraph may be expended for the purposes and under the authority of this Act without regard to limitations of appropriations from which transferred;

53. *(Continued)*



(b) Exchange funds without regard to section [illegible] Revised Statutes (31 U. S. C. [illegible]);

(c) Reimburse other Government agencies for services of personnel assigned to the Agency, and such other Government agencies are hereby authorized, without regard to provisions of law to the contrary, so to assign or detail any officer or employee for duty with the Agency;

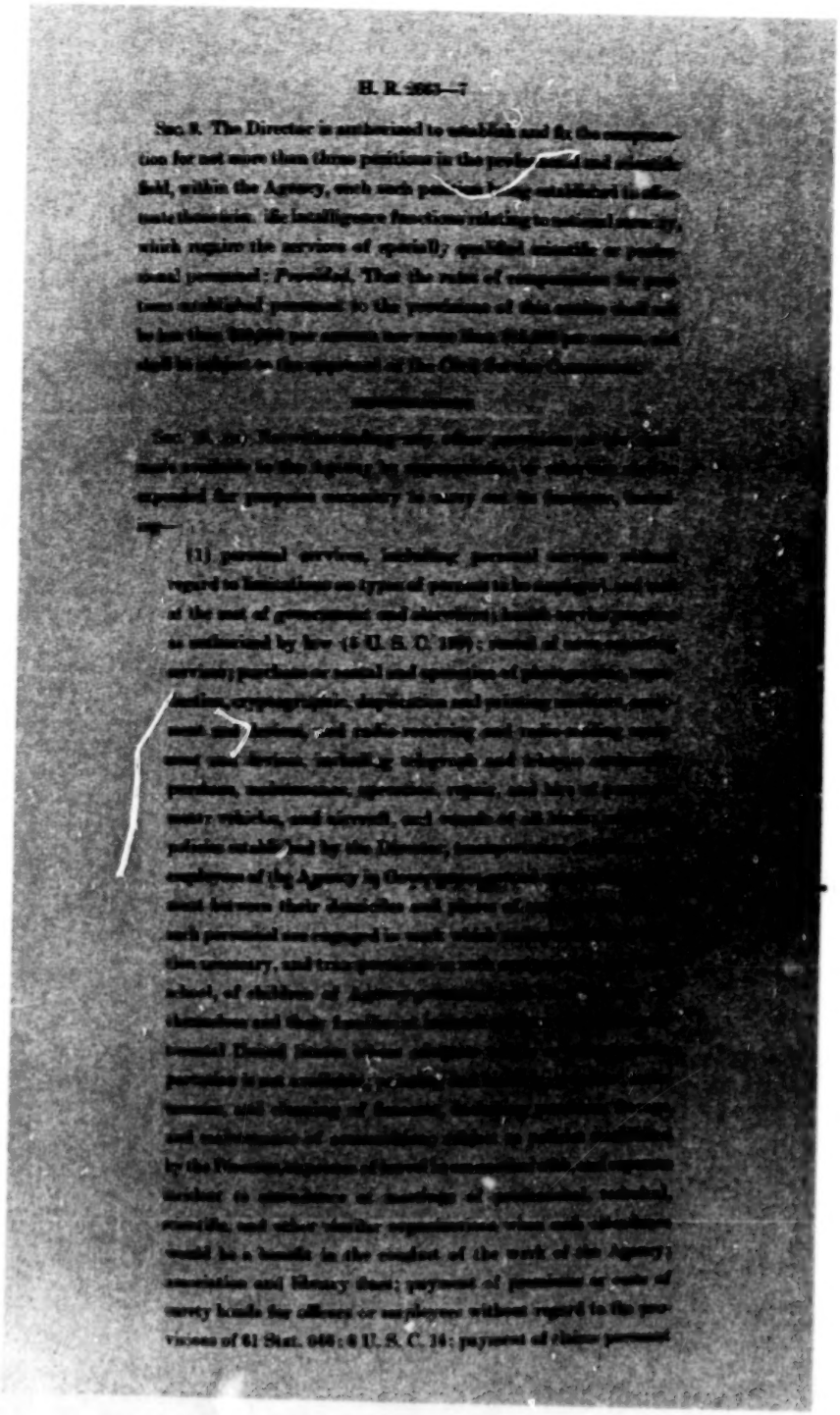
(d) Authorize [illegible] and [illegible] designated by the Director to carry firearms when engaged in transportation of confidential documents and [illegible] defense and security;

(e) [illegible] by the Agency, and [illegible] on expenditures contained in the Act of June [illegible], [illegible], as amended: *Provided*, That in each case the Director shall certify that exception from such limitations is necessary to the successful performance of the Agency's functions or to the security of its activities.

SEC. 7. In the interests of the security of the foreign intelligence activities of the United States and in order further to implement the proviso of section [illegible] (d) (3) of the National Security Act of [illegible] (Public Law [illegible], Eightieth Congress, first session) that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure, the Agency shall be exempted from the provisions of sections 1 and 2, chapter [illegible] of the Act of August [illegible], [illegible] ([illegible] Stat. [illegible], [illegible]; [illegible] U. S. C. [illegible]), and the provisions of any other law which require the publication or disclosure of the organization, functions, names, official titles, [illegible] numbers of personnel employed by the Agency: *Provided*, [illegible] furtherance of this section, the Director of the [illegible] shall make no reports to the Congress in [illegible] under section [illegible], [illegible] VI, chapter [illegible] of [illegible] as amended ([illegible] U. S. C. [illegible] (b)).

SEC. 8. Whenever the Director, the [illegible] misdeeds of immigration shall [illegible] alien into the United States for permanent [illegible] of national security or essential to the [illegible] intelligence [illegible], such alien and his immediate family shall be given entry into the United States for permanent residence without regard to their inadmissibility under the immigration or any other laws and regulations, or to the failure to comply with such laws and regulations pertaining to admissibility: *Provided*, That the number of aliens and members of their immediate families entering the United States under the authority of this section shall in no case exceed one hundred persons in any one fiscal year.

53. *(Continued)*



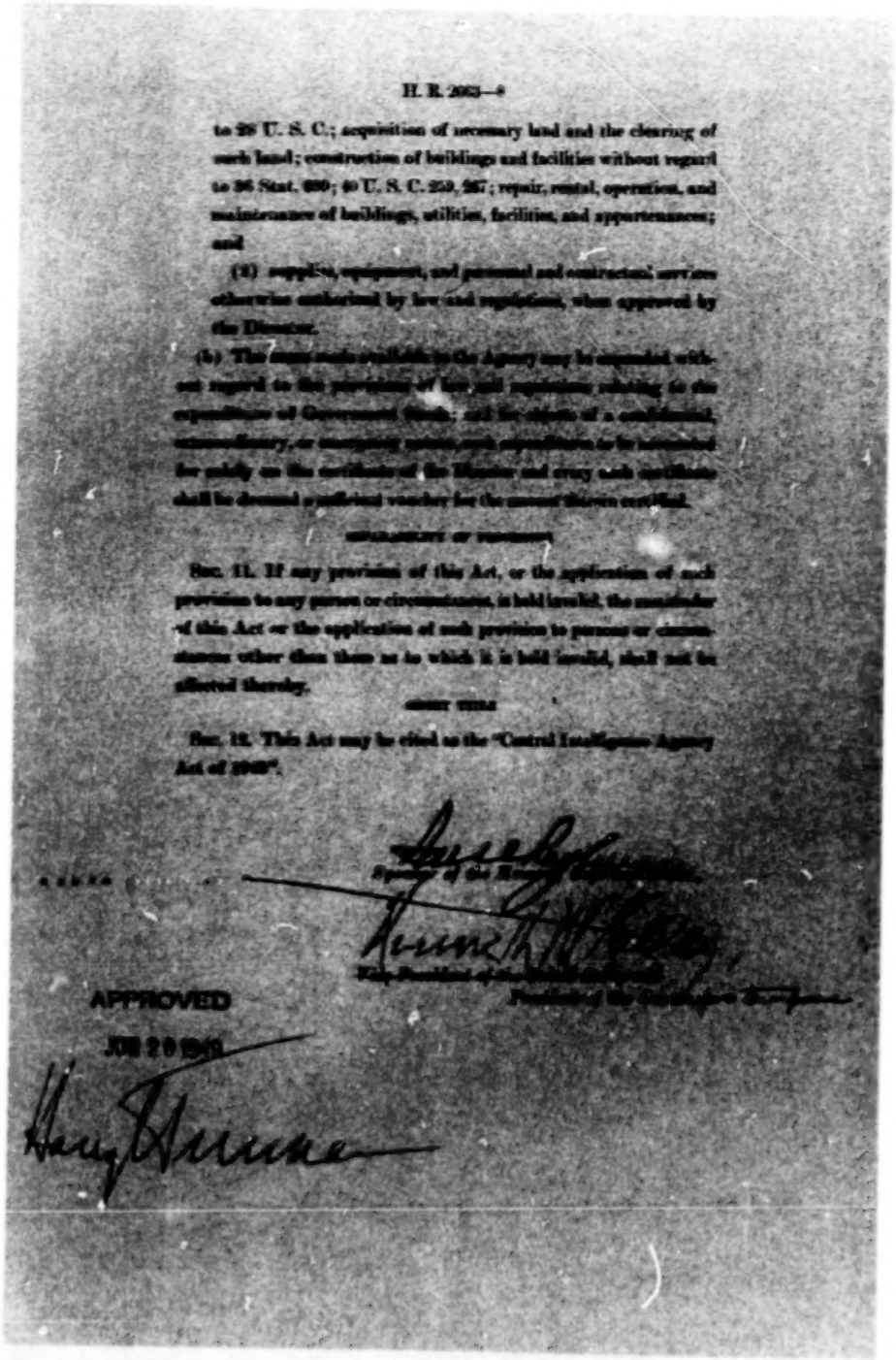
SEC. 9. The Director is authorized to establish and fix the compensation for not more than three positions in the professional and scientific field, within the Agency, each such position being established to effectuate those scientific intelligence functions relating to national security, which require the services of specially qualified scientific or professional personnel: *Provided*, That the rates of compensation for positions established pursuant to the provisions of this section shall not be less than [illegible] per annum nor more than [illegible] per annum, and shall be subject to the approval of the Civil Service Commission.

[illegible]

SEC. 10. (a) Notwithstanding any other provisions of the [illegible] made available to the Agency by appropriation, or otherwise [illegible] expended for purposes necessary to carry out its functions, including—

(1) personal services, including personal services without regard to limitations on types of persons to be employed, and rent at the rest of government and elsewhere; health service program as authorized by law (5 U. S. C. 150); rental of news-reporting services; purchase or rental and operation of photographic, reproduction, cryptographic, duplication and printing machinery, equipment and devices, and radio-receiving and radio-sending equipment and devices, including telegraph and telephone equipment; purchase, maintenance, operation, repair, and hire of [illegible] motor vehicles, and aircraft, and vessels of all kinds; [illegible] policies established by the Director; transportation [illegible] employees of the Agency in Government [illegible] ment between their domiciles and places of [illegible] such personnel are engaged in work which [illegible] tion necessary, and transportation in such [illegible] school, of children of Agency [illegible] themselves and their families at [illegible] tional Dental States where adequate [illegible] portation is not available; [illegible] tenance, and cleaning of [illegible] and maintenance of [illegible] subject to policies established by the Director; expenses of travel in connection with, and expenses incident to attendance at meetings of professional, technical, scientific, and other similar organizations when such attendance would be a benefit in the conduct of the work of the Agency; association and library dues; payment of premiums or costs of surety bonds for officers or employees without regard to the provisions of 61 Stat. 646; 6 U. S. C. 14; payment of claims pursuant

53. *(Continued)*



H. R. 2663—6

to 28 U. S. C.; acquisition of necessary land and the clearing of such land; construction of buildings and facilities without regard to 36 Stat. 699; 40 U. S. C. 259, 267; repair, rental, operation, and maintenance of buildings, utilities, facilities, and appurtenances; and

(2) supplies, equipment, and personal and contractual services otherwise authorized by law and regulations, when approved by the Director.

(b) The sums made available to the Agency may be expended without regard to the provisions of law and regulations relating to the expenditure of Government funds; and for the objects of a confidential, extraordinary, or emergency nature, such expenditures to be accounted for solely on the certificate of the Director and every such certificate shall be deemed a sufficient voucher for the amount therein certified.

[illegible]

SEC. 11. If any provision of this Act, or the application of such provision to any person or circumstance, is held invalid, the remainder of this Act or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

[illegible]

SEC. 12. This Act may be cited as the "Central Intelligence Agency Act of 1949".

[illegible]
Speaker of the House of Representatives.

[illegible]
Vice President of the United States and
President of the Senate.

APPROVED
JUN 20 1949

Harry Truman

54. National Security Council, NSC-50, 1 July 1949 (Photograph)

NSC Registry (Permanent File)

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NSC 50

COPY NO. 22

A REPORT

[redacted]

TO THE

NATIONAL SECURITY COUNCIL

by

THE SECRETARIES OF STATE AND DEFENSE

on

THE CENTRAL INTELLIGENCE AGENCY
and
NATIONAL ORGANIZATION FOR INTELLIGENCE

July 1, 1949
WASHINGTON

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54. *(Continued)*

NSC 50 — ~~TOP SECRET~~

July 1, 1949

NOTE BY THE EXECUTIVE SECRETARY

to the

NATIONAL SECURITY COUNCIL

on

THE CENTRAL INTELLIGENCE AGENCY AND NATIONAL ORGANIZATION FOR INTELLIGENCE

References: A. NSC Action No. 202
B. Memos for NSC from Executive Secretary, same subject, dated January 24, March 2, March 8, and April 4, 1949, respectively.

At its 37th meeting the National Security Council considered the report by the Dulles-Jackson-Correa Survey Group on the subject and comments with respect thereto (Reference B) and referred them to the Secretaries of State and Defense to prepare, in consultation with the Secretary of the Treasury and the Attorney General, and in the light of the discussion at that Council meeting, specific recommendations for Council action. (Reference A)

The enclosed report by the Secretaries of State and Defense on the subject prepared pursuant to NSC Action No. 202 in consultation with the Departments of the Treasury and Justice, is submitted herewith for consideration by the National Security Council at its next meeting of the recommendations contained therein.

The Attorney General is being invited to participate in the Council's consideration of this report.

The Secretary of Defense expressed the view that, upon approval, the recommendations should be put into effect at once and the Council should plan to have a suitable review of the progress made after a reasonable period of implementation.

It is requested that this report be handled with special security precautions.

Distribution:
The President
The Secretary of State
The Secretary of the Treasury
The Secretary of Defense
The Attorney General
The Secretary of the Army
The Secretary of the Navy
The Secretary of the Air Force
The Chairman, National Security Resources Board

SIDNEY W. SOUERS
Executive Secretary

NSC 50 — ~~TOP SECRET~~

54. *(Continued)*

C O P Y ~~TOP SECRET~~

July 1, 1949

COMMENTS AND RECOMMENDATIONS TO THE NATIONAL SECURITY COUNCIL ON THE REPORT OF THE DULLES-JACKSON-CORREA COMMITTEE PREPARED BY THE SECRETARY OF STATE AND SECRETARY OF DEFENSE

The Report on "The Central Intelligence Agency and National Organization for Intelligence" includes 57 individual conclusions and recommendations which we have regrouped in order to facilitate Council consideration. Although some of the conclusions do not require Council action, we wish to bring them to the Council's attention with our comments. Other conclusions and recommendations call for concurrence or non-concurrence by the Council and appropriate implementing action.

1. LEGISLATIVE PROVISIONS GOVERNING CIA AND ITS POSITION UNDER THE NATIONAL SECURITY COUNCIL.

a. Summary of the Report.

The Survey Group report concludes that:

(1) Section 102 of the National Security Act of 1947 which sets up CIA is sound and that no amendments are necessary at this time;

(2) CIA is properly placed under the National Security Council, but that its Director should establish closer liaison with the two members of the Council on whom the Agency chiefly depends, namely, the Secretaries of State and Defense.

b. Comments.

We concur in these conclusions and recommendations which do not require specific Council action or authorization. It

should be noted, however, that the National Military Establishment and CIA are presently studying the wartime status and responsibilities of CIA and that recommendations may be presented at a later date on this subject. It may be determined that certain functions and responsibilities should be under the control of the military in time of war.

c. Recommended Action.

That the National Security Council concur in the Survey Group conclusions on this subject, with the understanding that study may determine that certain functions and responsibilities should be under the control of the military in time of war.

2. THE COORDINATION OF INTELLIGENCE ACTIVITIES.

a. Summary of the Report.

The Report concludes that:

(1) The responsibility of CIA with respect to the coordination of intelligence activities has not been fully discharged;

(2) The Intelligence Advisory Committee is soundly conceived as an advisory body, but should, under the forthright initiative and leadership of the Director of Central Intelligence, participate more actively in the continuing coordination of intelligence activities and in the discussion and approval of intelligence estimates.

b. Comments.

We concur in the observations and conclusions of the Report on this general subject. We believe that the objectives

sought for can be achieved by the recognition and implementation of these principles and by the organizational and operational improvements recommended elsewhere in the Report.

In accordance with these principles and as partial implementation thereof, we recommend certain amendments to National Security Council Intelligence Directive No. 1, as indicated in Annex "A", appended hereto. These amendments would (1) define the status of the Director of Central Intelligence as a member of the Intelligence Advisory Committee and (2) clarify the procedure whereby dissents are included in coordinated intelligence estimates.

c. Recommended Action.

That the National Security Council (1) concur in the conclusions and recommendations stated under para. 2 a above as a statement of principles to be followed by the Director of Central Intelligence and the Intelligence Advisory Committee; (2) amend National Security Council Intelligence Directive No. 1 in accordance with the changes proposed in Annex "A" appended hereto.

3. MEMBERSHIP OF THE INTELLIGENCE ADVISORY COMMITTEE.

a. Summary of Report.

The Report recommends that the Federal Bureau of Investigation be added to the membership of the Intelligence Advisory Committee and that the Joint Staff (JCS) and Atomic Energy Commission be dropped from membership.

b. Comments.

We concur in the proposal that the Federal Bureau of Investigation be added to the membership of the Intelligence

Advisory Committee, but do not agree that the Joint Staff (JCS) and Atomic Energy Commission be dropped from membership. A sufficient number of problems arise which are of joint concern to foreign intelligence and domestic security intelligence to warrant the membership on the IAC of the FBI in order that coordination and cooperation in the national interest may be achieved.

We also wish to point out that the Recommended Action under para. 2 c above would, if approved, have the effect of clarifying the status of the Director of Central Intelligence as a member of the Intelligence Advisory Committee.

c. Recommended Action.

That the National Security Council (1) invite the Attorney General to have the Federal Bureau of Investigation become a member of the Intelligence Advisory Committee; (2) if this invitation is accepted, amend National Security Council Directive No. 1 accordingly, as provided in Annex "A" appended hereto.

4. PARTICULAR INTELLIGENCE QUESTIONS REQUIRING COORDINATION OR ATTENTION.

a. Summary of the Report.

Throughout the Conclusions and Recommendations of the Survey Group Report, attention is drawn to a number of particular intelligence questions requiring special attention or coordination. These may be listed as follows:

(1) Scientific Intelligence.

(2) Domestic Intelligence and counter-intelligence insofar as they relate to the national security.

54. *(Continued)*

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(3) Provisions for prompt coordinated intelligence estimates in crisis situations.

(4) The proper allocation of responsibility for political summaries.

(5) The exploitation of intelligence from foreign nationality groups and foreign individuals in the United States.

(6) The coordination of covert intelligence activities in occupied areas.

(7) Coordination of the handling of defectors.

(8) Increased emphasis on the counter-espionage activities abroad of the Central Intelligence Agency and closer liaison for counter-espionage matters with the Federal Bureau of Investigation.

b. Comments.

We concur in these conclusions and comments as interpreted above and point out that recent progress has been made in some of these fields. For example, that of scientific intelligence through the creation of the Office of Scientific Intelligence, by an agreement on a procedure for providing prompt coordinated national intelligence estimates in crisis situations, and by an agreement under consideration by the IAC agencies and the FBI with respect to the exploitation of defectors and other aliens.

For the purpose of clarity and guidance:

Paragraph 4 a (2) is considered to refer to the coordination of foreign intelligence and foreign counterintelligence with

domestic intelligence and domestic counterintelligence for the purpose of correlating and evaluating intelligence relating to national security.

Paragraph 4 a (3) is considered to refer to provision for prompt coordinated national intelligence estimates in crisis situations.

Paragraph 4 a (5) is considered to refer to the exploitation of foreign nationality groups and foreign individuals in the United States for the purposes of foreign intelligence.

We anticipate that the addition of the Federal Bureau of Investigation to the membership of the Intelligence Advisory Committee will contribute particularly to the objectives under points (2), (3), (5) and (7) above. With respect to paragraph 4 a (8) above, we believe the maintenance of close liaison for these purposes is essential.

c. Recommended Action.

That the National Security Council:

(1) Draw the particular attention of the Director of Central Intelligence and Intelligence Advisory Committee to the need for early and sustained action for more effective coordination in the fields listed under para. 4 a above as discussed in the Survey Group Report;

(2) Request the Director of Central Intelligence to submit to the Council within a period of six months a report on progress in these matters.

(3) Invite the Attorney General to have the

54. *(Continued)*

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Federal Bureau of Investigation become a member of the Intelligence Advisory Committee.

(4) If this invitation is accepted, amend National Security Council Directive No. 1 accordingly, as provided in Annex "A" appended hereto.

(5) Note that nothing contained in NSCID1, as amended, is intended to affect or change NSC 17/4, approved by the President on March 23, 1949 and the Director of the Federal Bureau of Investigation is a member of the Intelligence Advisory Committee for the purpose of coordinating domestic intelligence and related matters with foreign intelligence matters and his relations with the CIA shall be as provided in Section 102 of the National Security Act of 1947.

5. NATIONAL INTELLIGENCE ESTIMATES.

a. Summary of the Report.

The report concludes that in CIA there has been a confusion between the responsibility for producing coordinated national intelligence estimates and the responsibility for miscellaneous research and reporting. It finds further that the Council's Intelligence Directives on this subject are sound, but have not been effectively carried out. It recommends, aside from organizational changes described in the following section, that CIA should draw upon and review the specialized intelligence production of the agencies in order to prepare coordinated national intelligence estimates and that these estimates should be discussed and approved by the IAC, whose members should be collectively responsible. Such

estimates should be recognized as the most authoritative available to policy makers.

b. Comments.

We concur in these conclusions except that we do not believe that the Director and the IAC should be bound by the concept of collective responsibility, because this would inevitably reduce coordinated national intelligence to the lowest common denominator among the agencies concerned. A procedure should be adopted which would permit the Director and the IAC to fulfill their respective responsibilities to the President and the NSC regardless of unanimous agreement, but providing for concurrent submissions of dissent. The CIA, however, should interpret and follow the NSC Intelligence Directives so as to refrain as far as possible from competitive intelligence activities in the production of research intelligence estimates.

c. Recommended Action.

That the National Security Council concur in the conclusions and recommendations stated above, as interpreted by our comments, as a statement of principles to be observed by the Director of Central Intelligence and the IAC.

6. ORGANIZATION OF THE CENTRAL INTELLIGENCE AGENCY.

a. Summary of the Report.

The Survey Group Report proposes a number of major changes in the internal organization of CIA with a view to supporting the objectives set forth in the Report. These changes are the following:

54. *(Continued)*

(1) The operations of the Office of Special Operations, the Office of Policy Coordination and the Contact Branch of the Office of Operations should be integrated under single overall direction in an operations division, with its separate administration, within CIA.

(2) Out of the present Office of Reports and Estimates there should be created (a) a small estimates division which would draw upon and review the specialized intelligence product of the departmental agencies in order to prepare coordinated national intelligence estimates and (b) a research and reports division to accomplish central research in, and coordinated production of, intelligence in recognized fields of common interest.

(3) The Foreign Documents Branch of the present Office of Operations should be included in the proposed research and reports division.

(4) The Foreign Broadcast Information Branch should be included in the proposed operations division.

(5) The Interdepartmental Coordinating and Planning Staff should be reconstituted as a staff responsible only to the Director of Central Intelligence, with the task of developing plans for the coordination of intelligence activities. It would also perform the present tasks of the Office of Collection and Dissemination with respect to the coordination of collection requirements and requests and the dissemination of intelligence.

b. Comments.

We concur in these recommendations with the exception

that we do not agree that the Foreign Broadcast Information Branch should be included in the proposed operations division. This division should include those activities (the present Office of Special Operations, Office of Policy Coordination and Contact Branch of the Office of Operations) which conduct covert or semi-covert field intelligence and related operations which are closely interdependent and have similar administrative and security problems.

With regard to the recommendations regarding the Office of Reports and Estimates, the Interdepartmental Coordinating and Planning Staff and the Office of Collection and Dissemination, we concur in them and in the concept of CIA upon which they are based. However, we recognize that there may be other methods of organization which will accomplish the same objectives.

c. Recommended Action.

That the National Security Council (1) approve the recommendations of the Survey Group Report on the reorganization of CIA as listed in para. 6 a above, subject to the exception and comments noted in para. 6 b; (2) direct the Director of Central Intelligence to carry out these recommendations, as approved by the Council, and report to the Council in ninety days on progress toward their implementation.

7. THE SECURITY OF INFORMATION AND THE AVOIDANCE OF PUBLICITY.

a. Summary of the Report.

The Report recommends that (1) the Director of Central Intelligence should, in cases where the disclosure of secret information is sought from him and he has doubt as to whether he should

comply, refer the question to the National Security Council; (2) in the interest of security, the Central Intelligence Agency should increasingly emphasize its duties as the coordinator of intelligence rather than its secret intelligence activities in order to reverse the present unfortunate trend where it finds itself advertised almost exclusively as a secret service organization.

b. Comments.

We concur in these recommendations with the reservation that, in principle, all publicity is undesirable and that only where it is unavoidable should the procedure set forth in subparagraph 7 a (2) above be followed.

c. Recommended Action.

That the National Security Council (1) approve the recommendations of the Survey Group Report on the security of information and the avoidance of publicity, subject to the reservation noted in para. 7 b above; (2) instruct the Director of Central Intelligence to prepare appropriate National Security Council Intelligence Directives covering these points and submit them for approval within a period of thirty days.

8. CHAIRMANSHIP OF THE UNITED STATES COMMUNICATIONS INTELLIGENCE BOARD.

a. Summary of the Report.

The report recommends that the Director of Central Intelligence should be made permanent chairman of the United States Communications Intelligence Board.

54. *(Continued)*

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b. Comments.

We do not concur in this recommendation. This matter was considered when the U. S. Communications Intelligence Board was set up and the present arrangements decided on. These arrangements, which provide for a rotating chairmanship, are operating satisfactorily and it seems undesirable to make a change.

c. Recommended Action.

That the National Security Council not concur in the recommendation contained in the Report.

9. OPERATING PROBLEMS RELATING TO CLANDESTINE ACTIVITIES.

a. Summary of the Report.

The Report sets forth certain recommendations regarding individual operating problems of the clandestine activities of CIA. These are questions which, according to the Report, require particular emphasis or have been neglected in the past. The principal questions so indicated may be summarized as follows:

(1)

(2) Relations with departmental agencies should be brought closer and the guidance which the Office of Special Operations receives from intelligence consumers should be strengthened. This might be achieved by including representatives of the Service agencies and the State Department in appropriate sections

of the Office of Special Operations.

(3) The Director of Central Intelligence should assure himself that the operating services of CIA receive adequate guidance on the current and strategic intelligence and policy needs of the Government.

(4)

b. Comments.

We concur in these recommendations all of which point to significant operating problems relating to clandestine activities which require particular and constant emphasis.

c. Recommended Action.

That the National Security Council (1) approve the recommendation of the Report as listed in para. 9 a above; (2) direct the Director of Central Intelligence to carry them out with the assistance of the other departments and agencies concerned and report to the National Security Council on any difficulties encountered.

10. THE QUESTION OF CIVILIAN OR MILITARY PERSONNEL IN KEY CIA POSITIONS.

a. Summary of the Report.

The Report concludes that:

(1) The placing in key positions in CIA of a large percentage of military personnel, many of them on relatively

short tour of duty assignment, tends to discourage competent civilian personnel from looking to employment in the Agency as a career.

(2) Continuity of service is essential for the successful carrying out of the duties of Director of Central Intelligence. The best hope for insuring this continuity and the greatest assurance of independence of action is for a civilian to be Director of Central Intelligence. A serviceman selected for the post should resign from active military duty.

b. Comments.

We do not wholly concur in these conclusions. It is most important that both civilian and military personnel be represented in the key positions in the Central Intelligence Agency although we do not believe it is desirable to attempt to fix any precise ratio for the two. This is a matter to be worked out by the Director in consultation with the Secretaries of State and Defense.

We agree that continuity of service is essential for the post of Director. The most qualified person available should be selected for the post. In order to insure continuity and independence of action, he should be either a civilian, or if a service man or a foreign service officer, he should be either retired or one whose service as Director will be his final tour of active duty.

c. Recommended Action.

That the National Security Council:

(1) Concur in the above comments as an expression of its views on this question.

(2) Inform the President of these views insofar

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as they concern the post of Director of Central Intelligence.

(3) Inform the Director of Central Intelligence of these views insofar as they concern the staffing of other key positions in CIA.

11. GENERAL APPRAISAL OF THE LEADERSHIP AND POLICIES OF THE CENTRAL INTELLIGENCE AGENCY.

a. Summary of the Report.

The Report concludes that:

(1) The directing staff of CIA has not demonstrated an adequate understanding of the mandate of the organization or the ability to discharge that mandate effectively.

(2) Administrative organization and policies tend to impede the carrying out of the essential intelligence functions of CIA under the Act.

b. Comments.

We do not wholly concur in these conclusions. While we recognize the existence of important defects in the organization and operation of CIA, we believe that these conclusions are too sweeping. Complicating factors in appraising CIA's efficiency have been the shortness of time during which to develop an effective organization and a lack of common understanding as to the respective missions of CIA and the departmental intelligence agencies. However, as indicated in the Report and concurred in by us, numerous and important improvements are necessary and need to be carried out promptly and effectively.

c. Recommended Action.

That the National Security Council (1) note the Conclusions and Recommendations of the Report on this subject: (2) approve the above Comments thereon.

12. THE SERVICE INTELLIGENCE AGENCIES.

a. Comments.

The National Military Establishment concurs in the Conclusions and Recommendations of Chapter 11 of the Report except that it does not agree that the Service intelligence agencies should be staffed with personnel who concentrate in intelligence over the major portion of their careers. It is the policy of the Military Establishment to assign qualified personnel to intelligence duties even though they have not had previous intelligence experience. However, continued efforts are made to attract the highest type personnel to intelligence duty.

b. Recommended Action.

That the National Security Council note the above Comments by the National Military Establishment.

13. THE DEPARTMENT OF STATE.

a. Comments.

The Department of State concurs in the Conclusions and Recommendations of Chapter 12 of the Report and is undertaking to put them into effect as part of general plans for reorganization within the Department.

b. Recommended Action.

That the National Security Council note the above Comments by the Department of State.

54. *(Continued)*

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ANNEX "A"

1. To maintain the relationship essential to coordination between the Central Intelligence Agency and the intelligence organizations, an Intelligence Advisory Committee consisting of the Director of Central Intelligence, who shall be Chairman thereof, Director of Federal Bureau of Investigation, and the respective intelligence chiefs from the Departments of State, Army, Navy, and Air Force, and from the Joint Staff (JCS), and the Atomic Energy Commission, or their representatives, shall be established to advise the Director of Central Intelligence. The Director of Central Intelligence will invite the chief, or his representative, of any other intelligence Agency having functions related to the national security to sit with the Intelligence Advisory Committee whenever matters within the purview of his Agency are to be discussed.

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5. The Director of Central Intelligence shall disseminate National Intelligence to the President, to members of the National Security Council, to the Intelligence Chiefs of the IAC Agencies, and to such Governmental Departments and Agencies as the National Security Council from time to time may designate. Intelligence so disseminated shall be officially concurred in by the Intelligence Agencies or shall carry an agreed a statement of substantially dissent differing opinions.

55. Hillenkoetter, Memorandum for CIA Assistant Directors, "Approval by the NSC of Much of the Dulles Report," 12 July 1949 (Carbon copy)

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12 JUL 1949

MEMORANDUM FOR: Assistant Director, OCD
Assistant Director, OO
Assistant Director, ORE
Assistant Director, OSO
Assistant Director, OSI
Assistant Director, OPC
Chief, Inspection and Security
General Counsel
Chief, Advisory Council
Executive

SUBJECT: Approval by the NSC of Much of the Dulles Report

On July 7 the National Security Council met and approved of the recommendations in NSC 50, which was the State-Defense Report on the Dulles Report. NSC 50 recommended:

1. LEGISLATIVE PROVISIONS:

that the National Security Council concur in the Dulles survey group's conclusion that Section 102 of the National Security Act of 1947, which sets up CIA, is sound and that no amendments are necessary at this time; with the understanding that study may determine that certain functions and responsibilities should be under the control of the military in time of war.

2. COORDINATION:

that the National Security Council concur in the conclusions and recommendations; and confirm as a statement of principles to be followed by DCI and IAC:

a. that the responsibility of CIA with respect to the coordination of intelligence activities has not been fully discharged,

b. that the IAC is soundly conceived as an advisory body, but should, under the forthright initiative and leadership of the DCI, participate more actively in the continuing coordination of intelligence activities and in the discussion and approval of intelligence estimates.

3. MEMBERSHIP OF IAC:

that the NSC invite the Attorney General to have

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55. *(Continued)*

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the FBI become a member of the IAC, and issue a revised NSCID No. 1 as proposed in this report. (Both of these steps have already been taken by the Executive Secretary of the NSC). The JIC and ABC remain members of the IAC, and added thereto are the DCI as member and chairman, and the FBI. The function of the IAC as an advisory group remains unchanged.

4. PARTICULAR QUESTIONS REQUIRING ATTENTION:

that particular attention of the DCI and IAC be drawn to the need for early and sustained action for more effective coordination in the following fields, discussed by the Dulles Report:

Scientific intelligence;
Domestic intelligence and counterintelligence in so far as they relate to the national security;
Provisions for prompt coordinated intelligence estimates in crisis situations;
The proper allocation of responsibility for political summaries;
The exploitation of intelligence from foreign nationality groups and foreign individuals in the U. S.;
Coordination of covert intelligence activities in occupied areas;
[redacted]
Increased emphasis on the counterespionage activities abroad of CIA, and closer liaison on counterespionage matters with the FBI,

and that the DCI submit to the NSC, within a period of six months, a report of progress in these matters.

5. NATIONAL INTELLIGENCE ESTIMATES:

that, as a statement of principles to be observed by the DCI and the IAC, the CIA should interpret and follow the NSCID's so as to refrain so far as possible from competitive intelligence activities in the production of research intelligence estimates; that CIA should draw upon and review the specialized intelligence production of the agencies in order to prepare coordinated national intelligence estimates; that a procedure should be adopted which would permit the Director and the IAC to fulfill their respective responsibilities to the President and the NSC regardless of unanimous agreement, but provide for concurrent submission of any dissent.

6. ORGANIZATION:

(1) that the NSC approve the recommendations of the Dulles Report to combine into one office the Office of Special Operations, the Office of Policy Coordination and Contact Branch

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55. *(Continued)*

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(2) that further consideration will be given to establishing a separate administration for the new office indicated above after determination and further discussions of comparative costs.

(3) that the concept in the Dulles Report on the organizational matters indicated below be approved while recognizing that other methods of organization will accomplish the same objectives.

(a) Out of the present Office of Reports and Estimates there should be created (1) a small estimates division which would draw up and review the specialized intelligence production of departmental agencies in order to prepare coordinated National Intelligence Estimates, and (2) a Research and Reports Division to accomplish central research in, and coordinated production of, intelligence in recognized fields of common interest.

(b) The Foreign Documents Branch of the present Office of Operations should be included in the proposed Research and Reports Division.

(c) ICAPS should be reconstituted as a staff responsible only to the Director of Central Intelligence with the task of developing plans for the coordination of intelligence activities. It would also perform the present task of the Office of Collection and Dissemination with regard to the coordination of collection requirements and requests, and the dissemination of intelligence.

NOTE: The above recommendations are being studied by the Director and the Executive for later discussion with Assistant Directors prior to reporting to the Council "within 90 days."

7. SECURITY OF INFORMATION AND AVOIDANCE OF PUBLICITY:

that all publicity is undesirable, and that a NSCID should be issued to this effect within 30 days. (ICAPS is compiling the first draft of such a NSCID, to cover both security of information and avoidance of publicity, based on Section 102 (d) of the 1947 Act, and upon the recent discussions within CIA to protect security of sources so that dissemination will be made on the basis of only those who need to know rather than those who desire to know).

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55. *(Continued)*

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8. CLANDESTINE ACTIVITIES:

that the DCI carry out certain recommendations about operating problems relating to clandestine activities with the assistance of the other Departments and Agencies concerned, and report to the NSC on any difficulties encountered. The principal questions are summarized as follows:

(1) [redacted]

(2) Relations with departmental agencies should be closer.

(3) The DCI should assure himself that the operating agencies of CIA receive adequate guidance on the current and strategic intelligence and policy needs of the Government.

(4) The operating services of CIA should have access to communications intelligence to the full extent required for guidance in directing operations, and for the more effective conduct of counterespionage.

9. Other than as indicated above, no changes are contemplated by the Security Council in connection with the Dulles Report recommendations.

R. H. HILLENKOETTER
Rear Admiral, USN
Director of Central Intelligence

cc: TS Control
Return to ICAPS
Signer's Copy
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56. [ORE], Intelligence Memorandum 225, "Estimate of Status of Atomic Warfare in the USSR," 20 September 1949
(Excerpted photocopy)

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CENTRAL INTELLIGENCE AGENCY

20 September 1949

INTELLIGENCE MEMORANDUM NO. 225

SUBJECT: ESTIMATE OF STATUS OF ATOMIC WARFARE IN THE USSR
(Category No. 5)

Category as a whole:

The USSR has an atomic energy program which started in late 1945 and which is being vigorously pursued under a top priority. The current estimate of the Joint Nuclear Energy Intelligence Committee is that the earliest possible date by which the USSR might be expected to produce an atomic bomb is mid-1950 and the most probable date is mid-1953. (Secret)

ESTIMATE BY TECHNICAL OBJECTIVES

AM-1.

No foreign country is known to be developing a large-scale uranium isotope-separation program, although a number of countries are planning to develop plutonium production facilities. It is believed, that excluding Britain, the USSR, and possibly Canada, no foreign country has the capability of producing sufficient fissionable material to make an atomic bomb within the next ten years. (Secret)

Present information indicates that a plutonium project for the production of fissionable materials is being developed. It is reasonable to suppose that the Soviets have had at least one low-energy pile (probably graphite) operating for a year or more although no incontrovertible evidence exists. It is probable that production piles are now in the

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Date: 8 Dec 81 By: 089256

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56. *(Continued)*

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process of design and/or construction, but their exact status is unknown. There is no evidence of a large-scale uranium isotope separation project. (Secret)

AK-2

There is no information indicating that any foreign country is engaged in a project dealing with radiological warfare agents. (Secret)

AK-3

As the production of radiological warfare agents requires operating production piles, it is apparent that no foreign country can have done very much in this field. (Secret)

AK-4

No information is available.

AK-5

Defensive measures against radiological warfare agents have not been apparent within the USSR. The single possible exception is a report that a large portion of the counters being manufactured by one German plant for the USSR is rumored to be for distribution to the Red Army down to the company level. Large production of field counters for the Soviets has been reported in Germany and elsewhere; but, as far as can be determined, these are primarily for use in the uranium mining operations. Although protective measures for the general public may be in the planning stage, it is difficult to believe that widespread education programs would escape detection. (Secret)

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57. Finance Division to Executive, OPC [Wisner], "CIA Responsibility and Accountability for ECA Counterpart Funds Expended by OPC," 17 October 1949

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MEMORANDUM 17 October 1949

TO : Executive, OPC

FROM : Finance Division

SUBJECT: CIA Responsibility and Accountability for ECA Counterpart Funds Expended by OPC

1. Background

(a) Reference is made to the various general and specific agreements between ECA and CIA, wherein certain portions of the 5% Counterpart funds of ECA are made available to CIA for the purpose of furthering the Marshall Plan by [redacted] combatting Communist elements in participating countries.

(b) It is our understanding that, originally, each grant of funds was made available for a specific purpose, such as the subsidization of a foreign labor or political group. Further, that in every instance the proposed activity had the mutual concurrence of the Administrator, ECA, the American Ambassador concerned and the Director, CIA. Lastly, we understand that the ADPC has been charged with the responsibility for directing the operational expenditures of these funds.

(c) It is also understood that ECA prescribes no specific policies or regulations to govern the expenditure of these funds, but merely requires acknowledgement of receipt of the funds by CIA, a summary statement of funds expended and the return of any balances not expended for the approved purposes.

(d) It was our original understanding that CIA assumed accountability and responsibility for these funds only as the agent of ECA; that CIA was merely the temporary custodian and transmitting agent of these funds for ECA.

(e) Accordingly, the Finance Division has maintained a separate set of financial records for these funds, based upon reports received from their CIA custodians, showing monies received, disbursed, and balances on hand. The Finance Division has also confirmed these reports by examining receipts obtained from either the principals of subsidized groups or receipts from the operational principals disbursing the funds. Security factors presumably determined whether or not receipts of the first type were obtained. OPC, however, presumably has in its files detailed operational reports and/or financial accountings disclosing the purposes, approvals, and amounts of monies expended for each individual transaction.

2. Developments

(a) Recent developments, however, indicate that our original concept

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57. *(Continued)*

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that disbursements would be limited to lump sum subsidy grants to specific foreign labor, religious and political groups is no longer valid.

(b) We are advised that disbursements have been made for specific purposes, such as the purchase of a newspaper for a labor group, the underwriting of a peace conference, direct propaganda and other miscellaneous activities. In addition, we are informed it is now proposed to use small portions of these funds for indirect expenses incurred exclusively in furthering the joint ECA-OPC activities. These initially would consist of entertainment and developmental expenses incurred in dealing with principals of foreign political and labor groups.

(c) We have also just been advised that the GAO has approved the expenditure of these ECA funds by CIA for approved ECA purposes, with the assumption that CIA would expend and account for these funds in the same detail and in accordance with the same policies as it does its own funds.

(d) Lastly, we have just been informed by the Budget Officer that the DCI wishes a monthly report on all subsidy expenditures. Since the bulk of the ECA fund activities of OPC are in the nature of subsidies, it is assumed that such a report should include these funds.

3. Recommendations

(a) In view of these developments, it is recommended that the normal financial policies, practices and procedures of CIA for the handling of its confidential funds be extended to these ECA funds.

(b) To the extent that some of these disbursements are subsidies as defined in the Confidential Funds Regulations, it is recommended that pertinent sub-projects be placed with the Covert Coordinating Committee for the establishment of adequate financial controls and reviews.

(c) If you concur with these recommendations, it is requested that we be so advised in order that the OPC Certifying and Liaison Officer can make the necessary arrangements with the appropriate OPC operating officials.

[redacted]

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58. C.V.H. [Charles V. Hulick], Memorandum for the Record, "Policy Guidance," 19 April 1950 (Carbon copy)

[redacted]SECRET

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19 April 1950

MEMORANDUM FOR THE RECORD

SUBJECT: Policy Guidance

HISTORICAL DOCUMENT

1. At a meeting at Mr. Offie's house on 18 April, attended by Messrs. Joyce, Offie, Frank, Lindsay, Harrison and Hulick, Mr. Joyce stated that he had called this meeting in order to inform OPC that the National Security Council had just received for final consideration and action, NSC 68 which is a broad national program and which includes a number of paragraphs which, if approved, will have a material effect upon OPC planning and operations.

2. Mr. Joyce then read the attached paper and explained that the underlining was his own and was intended to indicate the significance of these paragraphs to OPC. He stated that it was the desire of the Department of State that OPC immediately consider the effect of the policy guidance provided in the attached paper in terms of increased activities and that the Department was anxious to obtain an estimate from OPC of additional funds which would be required to implement such a statement of policy.

3. A general discussion of the significance of the attached statement followed as well as its probable effect in terms of certain types of OPC operations. In connection with the question of OPC personnel strength, Mr. Joyce stated that it was the view of the Department of State that OPC operations should be conducted, insofar as possible, through the use of foreign agents and indigenous personnel rather than by the recruiting of any substantial number of American personnel. Mr. Joyce said that he was anxious to receive an estimate of additional funds which OPC would require to implement the proposed policy so that this figure and the breakdown thereof would be immediately available if the NSC approved the entire program and directed the Department of State to implement that portion involving OPC.

4. With reference to the OPC report of accomplishments which ADPC had provided for Mr. Joyce prior to his departure for Japan, Mr. Joyce said that he would prepare a critique of this report which would be given to Messrs. Webb, Lennan, Jessup and Perkins, and that he would furnish OPC with a copy.

att: 4-41167 (series B) State Dept paper
EAD/CVH/mac on NSC 68

C.V.H.

APR 20 1950

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59. C. Offie to ADPC [Wisner], "Conversation with Messrs. [ ]—15, 16 April 1950," 24 April 1950 (Carbon copy)

[redacted]

24 April 1950

MEMORANDUM FOR: ADPC

SUBJECT: Conversation with Messrs. [redacted] — 15, 16 April 1950.

1. After my conversation on April 15 with Messrs. [redacted], I saw these gentlemen again on Sunday morning, together with Mr. [redacted]. There took place a conversation in connection with the possible organization of the various Russian groups in exile both in the United States and abroad, which I will not take the trouble to record here as no new ideas were brought forward, except that even though their own League was strongly Marxist in its philosophy, it was nevertheless Democratic in its objectives and their group would be glad to cooperate with all other Russian groups, except Russian Monarchists.

2. There developed, however, one point which I considered most important. As our meeting was breaking up, [redacted] stated with a large smile "and when are we going to announce the organization of an American-sponsored Ukrainian National Committee?" I told him that I was not informed on the subject of Ukrainians. [redacted] retorted, still with a knowing smile, that it was too bad that the Americans were going so far in connection with Ukrainian underground resistance movements and were not taking advantage of concurrent overt political activities which would be very effective in the cold war against the Soviet Union. I told [redacted] that I was somewhat perplexed as to just what he meant and he stated, "Don't you know that even the Voice of America's broadcasts are being used to transmit code messages to the Ukrainian underground?" I told him to stop joking and we separated.

3. It so happened that Mr. Foy Kohler, of the Voice of America, spent the night of April 17 at my house and in a general discussion on a lot of subjects touching upon various national committees of interest to us and his inquiry regarding the progress made thus far relating to the formation of a Russian committee, he informed me about a terrible bungle made in connection with a proposed code message on behalf of OSO in connection with the Ukrainian underground resistance.

4. In view of your instructions to John Baker to discuss with Dick Helms the subject of Ukrainian underground resistance, I queried Baker

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59. *(Continued)*

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Baker, who stated that he had not yet been able to obtain the information he desired on this subject. In view of ADSO's written request that OPC, and specifically myself, attempt to remove some of the heat from OSO brought upon them by [redacted]

I informed Dick Helms of my conversation with [redacted] on this subject as set forth in a previous memorandum to you. At the close of my conversation, I told Mr. Helms that I had picked up in New York the statement with regard to Ukrainian underground resistance and the use of the Voice of America for code message purposes, which information was apparently being gossiped about in New York. Helms expressed astonishment and his statements on this subject constituted a complete admission that OSO has been and is pretty far gone in connection with the Ukrainian underground the results of which thus far are unknown to me.

C. OFFIE
SADO

Distribution:
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[redacted] SECRET

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60. ORE 32-50, "The Effect of the Soviet Possession of Atomic Bombs on the Security of the United States," 9 June 1950

TOP SECRET

COPY NO. 11
FOR THE ASSISTANT DIRECTOR
FOR REPORTS AND ESTIMATES

THE EFFECT OF THE SOVIET POSSESSION OF ATOMIC BOMBS ON THE SECURITY OF THE UNITED STATES

Report by a Joint Ad Hoc Committee

This document has been approved for release through the HISTORICAL REVIEW PROGRAM of the Central Intelligence Agency.

Date 21 JUL 92

HRP 92-1

ORE 32-50

Published 9 June 1950

Document No. 091
NO CHANGE in Class. ☐
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Class. CHANGED TO: TS S C
DDA Memo, 4 Apr 77
Auth: DCI REG. 77-1763
Date: 26 JUL 92 By: 011

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60. *(Continued)*

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60. *(Continued)*

[redacted]

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[redacted]

60. *(Continued)*

[redacted]

THE EFFECT OF THE SOVIET POSSESSION OF ATOMIC BOMBS ON THE SECURITY OF THE UNITED STATES

Report by a Joint Ad Hoc Committee *

THE PROBLEM

1. The problem is to estimate the effect of the Soviet possession of atomic bombs upon the security of the United States.

2. The possibility of US or Soviet development of hydrogen bombs has not been considered.

DISCUSSION

3. See Enclosure A.

CONCLUSION

4. The Soviet possession of atomic weapons has increased the military and political-subversive capabilities of the USSR and the possibility of war. Accordingly the security of the United States is in increasing jeopardy.

---

* Pursuant to the undertaking in the Foreword of ORE 91-49, this estimate has been prepared by a joint ad hoc committee representing CIA and the intelligence agencies of the Departments of State, the Army, the Navy, and the Air Force. This estimate is limited in scope: it does not deal with all controversial aspects of ORE 91-49. Joint agreement existing with respect to this much of the subject, however, the committee (excepting the Navy representative) has recommended its publication without further delay pending further consideration of the broad aspects of the problem.

The intelligence agencies of the Departments of State, the Army, and the Air Force have concurred in this estimate. For the dissent of the Office of Naval Intelligence see Enclosure B.

The date of the estimate is 28 May 1950.

[redacted]

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ENCLOSURE A

THE EFFECT OF SOVIET MILITARY CAPABILITIES

1. Soviet possession of atomic weapons has increased the military capacity of the USSR relative to that of the United States and its allies.

2. The success of an atomic attack depends upon four basic elements: (a) adequate stockpile of atomic bombs; (b) adequate means of transport; (c) sound selection of targets; and (d) effectiveness of delivery.

a. The USSR will be able to develop an increasing stockpile of atomic bombs. The growth of the Soviet stockpile is estimated tentatively as follows:

Mid-1950	10- 20
Mid-1951	25- 45
Mid-1952	45- 90
Mid-1953	70-135

Beyond 1953 a well-founded estimate cannot be made, and even for mid-1953 there is a large degree of uncertainty. For planning purposes, however, an estimate for mid-1954 of 120-200 bombs is suggested on the basis that plant capacity may be increased by approximately 50 percent after 1952.

b. The USSR has and will continue to have means of transport—air, maritime, clandestine—capable of carrying its entire stockpile of atomic bombs.

c. It must be presumed that the USSR is capable of compiling an effective target list.

d. Soviet achievement of the fourth element—effectiveness of delivery—will depend primarily upon the defensive capabilities of the United States and its allies.

3. The USSR could inflict critical damage on the United States through atomic attack.

a. A Soviet capability for direct attack on the continental United States has existed since the USSR acquired long-range aircraft and long-range submarines. Addition of atomic bombs to Soviet armament gives the USSR the additional capability of inflicting concentrated destruction in a single attack and of denying areas within the United States.

b. The maximum threat to the United State of Soviet possession of atomic bombs is the possibility that the USSR in a single surprise attack on the United States and its foreign installations could seriously limit the offensive capabilities of the United States, possibly to a critical degree.

c. The preparation of a single Soviet attack of this scope would obviously face serious difficulties, primarily (1) production of a sufficient number of atomic bombs to cover selected vital targets and yet allow for delivery losses, faulty functioning, and inaccurate aiming; and, to a lesser degree, (2) production of sufficient means of transport to ensure coverage of those targets, and (3) determination of those targets the destruction of which would most seriously limit the offensive capabilities of the United States. Each of these three difficulties, however, can be resolved in time by the USSR.

d. Since the USSR will have an increasing capacity to deliver bombs on target, if not prevented, the extent of destruction that the USSR could inflict on the United States will depend primarily on the defensive capabilities of the United States.

4. The USSR could more readily inflict critical damage on the North Atlantic Treaty allies of the United States through atomic attack.

THE EFFECT ON SOVIET POLITICAL-SUBVERSIVE CAPABILITIES

5. Soviet possession of atomic weapons increases the possibility that the USSR will be able to weaken seriously the power position of the United States without resorting to direct military action.

a. Soviet possession of atomic weapons in itself does not increase the instruments already

60. *(Continued)*

available to the USSR for the extension of its political control by means short of an all-out military conflict. But Soviet capabilities of extending political control will be enhanced to the extent that Soviet possession of atomic weapons weakens the will of non-Communists to take adequate and timely counter-measures, and strengthens the determination and self-confidence of the Soviet Union.

b. Soviet efforts to confuse and divide public opinion in non-Communist countries will benefit from Soviet possession of atomic weapons. Moscow's current campaign to prohibit the use of atomic weapons and to attach a moral and legal stigma to their use is enhanced by the fact that the USSR can pose as willing to accept the same restrictions that it demands of other countries. By exploiting the universal fear of war as a means of attracting foreign support for Soviet policy, the USSR may be able to influence popular opinion in some countries to induce the local government to adopt a position less favorable to the security interests of the United States.

c. Fear of a growing disparity between US and Soviet military power, and fear of atomic war in any case, may influence the present allies of the United States to refrain from joining this country in taking a more positive political position against the USSR.

d. Segments of American public opinion also may conceivably become less willing to support more positive US counter-measures against the USSR.

e. The USSR, accordingly, will be in a position to exploit non-Communist hesitation and reluctance to resort to strong counter-measures. These conditions would facilitate the piecemeal extension of Soviet political control over so much of Eurasia as virtually to isolate the United States without resort to direct military action.

EFFECT ON THE POSSIBILITY OF WAR

6. *The possibility of direct military conflict between the Soviet Union and the United States is increased as a result of Soviet possession of atomic weapons.*

a. The basic objective of Soviet policy is clearly the attainment of a Communist world under Soviet domination. In pursuit of this objective the USSR regards the United States as its major opponent and will wage against it a relentless, unceasing struggle in which any weapon or tactic is admissible which promises success in terms of this over-all Soviet objective.

b. With the continued development of the Soviet atomic stockpile and Soviet defense capabilities against atomic attack, the United States superiority in total numbers of atomic bombs will no longer in itself be a strong deterrent to war.

c. With its doctrinaire concepts of capitalist behavior and its hypersensitivity over security, the USSR may interpret as potentially aggressive future steps which the United States and its allies may take to improve their defensive position against the threat inherent in Soviet military power. Similarly, Western efforts to increase military preparedness in response to Soviet moves in the "cold war" could create a situation in which the USSR might estimate that the Western Powers were determined to prevent any further spread of Communism by military action against the USSR. It is always possible, therefore, that the USSR would initiate war if it should estimate that a Western attack was impending.

d. As the Soviet military potential increases relative to that of the United States and its allies, the USSR will doubtless be willing to take greater risks than before in pursuit of its aims. Although the USSR undoubtedly calculates the capacity and determination of the non-Communist powers to take counter-measures, the Kremlin nevertheless may miscalculate the cumulative risk involved in its various aggressions. Accordingly it may undertake an action which in itself appears unlikely to lead to war, but which, when added to all previous Soviet aggressions, might become an issue out of proportion to its actual merits and thus precipitate war.

e. If, after Soviet attainment of a large atomic stockpile, US defensive and retaliatory capabilities were to remain so limited as to permit a Soviet belief that the USSR could make a decisive attack on the United States with relative impunity, there would be grave danger of such an attack.

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ENCLOSURE B

DISSENT BY THE OFFICE OF NAVAL INTELLIGENCE

1. ONI dissents from ORE 32–50 because it believes that this estimate is too narrow and limited in its approach to a problem which ". . . obviously involves considerations of extremely broad scope and implications, . . ."* and thus is subject to serious misinterpretation. ORE 32–50 purports to discuss Soviet possession of the atomic bomb in relation to its effect on Soviet political-subversive capabilities and military capabilities, and it concludes that there has been an increase in these capabilities, a consequent increase in the possibility of war and an increasing jeopardy to the security of the U.S. A discussion so narrow in scope and so limited with respect to the factors discussed does not, indeed cannot, indicate how much increase has occurred nor what basic situation existed from which the indeterminate increase can be measured. The reader is actually led to infer that the only factor under Soviet control which would influence a decision to attempt a surprise and crippling atomic attack on the U.S., is possession of what they estimate to be a requisite number of atomic bombs to accomplish the task. It is inconceivable that the Soviets could arrive at such a decision without regard to political or economic factors and all the other military factors, offensive and defensive.

2. The security of the U.S. is affected by Soviet objectives and intentions as well as capabilities, since it is the combination of these factors that produces the end product, probable courses of action. Soviet objectives and intentions stem principally from political, ideological and economic factors, historical experience and aspirations. Only when weighed together in the light of objectives and intentions will total capabilities—political, subversive, economic and military—combine to produce the probable course of action which must be correctly estimated in order that proper steps may be taken to insure the security of the U.S. While many considerations affecting the Soviet objectives and intentions are "controversial", these considerations are, in this case, the vital issues in the problem. Their omission from the estimate is a fatal error.

3. ONI believes that our bases for estimating Soviet objectives and intentions are at least as well founded as our bases for estimating their capabilities. They are, therefore, entitled to a full consideration in the estimate, particularly in view of the uncertainty which must be expressed regarding quantities, dates of availability, and characteristics of Soviet atomic bombs.

4. The position set forth above is the one ONI has maintained throughout the committee's consideration of this problem. ONI disapproves of the publishing of this paper because it believes that the limited discussion, by avoiding the vital issues, does not adequately support the conclusion, does not answer the problem, and could be misleading.

* Quoted from CIA memorandum #29694 dated 29 September 1949 to IAC agencies requesting an ad hoc committee on recent atomic developments.

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61. [ORE], "The Korean Situation," 16 September 1950
(Ditto copy)

SRC-43 19

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CENTRAL INTELLIGENCE AGENCY

16 September 1950

MEMORANDUM

SUBJECT: The Korean Situation

Document No. 015
NO CHANGE IN Class. ☐
☒ DECLASSIFIED
Class. CHANGED TO: TS S C
DDA Memo, 4 Apr 77
Auth: DDA REG. 77/1763
Date: 10/2/78 By: 023

I. Military Situation

Summary

Approximately 17,000 UN personnel are now ashore at Inchon. Elements of the US 1st Marine Division have advanced to positions three miles east of Inchon, astride the Seoul road. Along the front in southeast Korea, slight gains have been made by UN forces in attacks from Chindong to Yongchon. UN naval surface and carrier air units supported ground troops in the Inchon-Seoul area while surface units bombarded the east coast in support of ROK marines who landed on the east coast north of Pohang.

Ground

Inchon Area. The attack by the US Tenth Corps is gaining momentum. The city of Inchon has been secured, and ROK forces have been charged with the maintenance of internal security and the establishment of a goverament for Inchon. Meanwhile elements of the US 1st Marine Division have advanced three miles east of Inchon along the road to Seoul. Approximately 17,000 troops, with tanks and 155mm. howitzers, have been put ashore at Inchon. The local North Korean security forces were quickly overcome. Enemy units attempting to converge on Inchon with additional support have been attacked by UN naval aircraft which destroyed 200 vehicles and an undetermined number of tanks.

Southeast Korea. Along the 90-mile front from Chindong in the south to Yongchon in the north, UN forces took the offensive, and made slight overall gains against enemy resistance varying from light to heavy. UN forces made slight gains in the south sector from Chindong to Hyonpung, reached the east bank of the Naktong River below Waegwan, and entered Angang in the east. Patrols of the ROK 3rd Division, however, on the extreme east sector, were repulsed by withering small arms fire. ROK marines have landed on the east coast north of Pohang.

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61. *(Continued)*

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Rear Areas. Air observers reported approximately 50 vehicles and 20 tanks moving south below Antung (near the northeast Korea-Manchurian border). In the Seoul area, UN naval air reconnaissance flights reported several thousand troops dressed in white moving in the direction of Inchon.

Navy

UN naval vessels supported ground troops on both coasts with artillery fire, while carrier air units struck at enemy forces attempting to converge on Inchon. The Command Post of the US Tenth Army Corps has been established afloat off Inchon.

Air Forces

Air forces made strikes against marshalling yards and storage facilities near the southeastern battle zone at Taejon, Andong, and Chonju. Other units assisted in neutralizing enemy resistance against the ROK marine landings on the east coast. Bad weather prevented planned strikes by heavy bombers in the Waegwan area, but other heavy bomber units struck secondary targets at Pyongyang and Wonsan, where marshalling yards and dock areas were hit with excellent results.

II. General Situation

No significant reports have been received during the past 24 hours.

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62. Chief, D/Pub [R. Jack Smith] to AD/ORE [Theodore Babbitt], "Contents of the CIA Daily Summary," 21 September 1950

STANDARD FORM NO. 64

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Office Memorandum • UNITED STATES GOVERNMENT

TO : AD/ORE DATE: 21 September 1950

FROM : Chief, D/Pub

SUBJECT: Contents of the CIA Daily Summary.

Reference: My memorandum to AD/ORE, dated 7 February 1949, subject "The Dulles Report,"; my memorandum to AD/ORE, dated 5 April 1950, subject "Distribution of the CIA Daily Summary; my memorandum to AD/ORE, dated 20 April 1950, same subject; my memorandum to AD/ORE, 3 August 1950, same subject.

1. The CIA Daily Summary was set up in response to a request from the President for a brief daily digest of the most important cables and telegrams. This original request has always been the guiding concept for the Daily Summary, and any suggestion that the publication be broadened in scope, that it might become a sort of daily estimate rather than a daily digest of what cables came to hand, has been held contrary to the President's request. The limitation imposed by this concept means that on any given day the Daily Summary can contain only those items which have appeared in the cable traffic for the day (or the day before). The sporadic flow of cable traffic makes it highly likely that for a day or two at a time there will be no cables concerning a highly sensitive situation and that for this reason the Daily Summary will carry no item on the matter. At the same time, it is highly possible that cables concerning this situation have arrived in Washington but that CIA has either been excluded from distribution or has been given distribution and has been requested not to use the material in any publication.

2. The guiding concept that the CIA Daily Summary is published in response to a request from the President places a premium on sensitive cables, those which most deserve to be brought to the President's attention. These are the cables which are most jealously guarded by the several agencies. The record of the agencies in making these cables available to CIA is very uneven. The service agencies have always made a rigid distinction between operational and intelligence materials and have freely given CIA what they regard as intelligence materials but have refused to give CIA operational materials. Under this guise, they have withheld from CIA such sensitive materials as General MacArthur's reports from Tokyo, General Clay's reports from Berlin, Admiral Struble's reports from the Seventh Fleet, Admiral Badger's reports from Tsingtao, General Van Fleet's reports from Athens, etc. CIA does not receive reports made to the Joint Chiefs of Staff, many of which must, because of their origin and their subject, be worthy of the President's attention. On the other hand, the Department of State has steadily maintained a good record in making sensitive materials available to CIA, a fact which accounts to a fair degree for the predominance of State materials in the Daily Summary. During the past year, however, as State-Defense relations have deteriorated and as State has become increasingly aware that through the CIA Daily Summary the Department of Defense is receiving sensitive State materials without reciprocating, State has been more and more reluctant concerning its sensitive

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telegrams. Therefore, on a few occasions State has withheld from CIA certain telegrams, either temporarily or indefinitely. Much more frequently, State has distributed these telegrams but has enjoined CIA not to use them in any publication, an injunction which CIA has had to respect for both practical and ethical reasons. These factors have further reduced the supply of materials suitable for inclusion in a Daily Summary designed for the President.

3. Several solutions to remedy the sparseness and inadequacy of the CIA Daily Summary are available. They are:

a. To change the nature of the publication, relieving it of the necessity to digest those cables which CIA has available and making it more in the nature of a daily estimate;

b. To make urgent efforts on a high level, as I have repeatedly requested be done, to have the sensitive cables of the Defense Department made available to CIA, a development which would in turn ease the State Department's concern.

4. Recommendation: Under present circumstances, I recommend that the second of these courses be followed and that the DCI be urged to take the matter to a level higher than the IAC.

R. J. Smith
R. J. SMITH.

Comments. A

Solutions 3 a) & b) are related and yet distinct and separate subjects. The recommendation that b. be followed affects all aspects of intelligence production.

B

This memorandum raises the whole broad question of not only the format and content of C.I.A.'s Daily but the much broader problem of what Daily Intelligence Digests now exist, where do they go, and what purposes do they serve? Maybe there is no need of a Daily Digest in the field of National Intelligence! Shane MacC

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Part III

The Smith Years

Part III: The Smith Years

The documents in Part III cover the period from Lt. Gen. Walter Bedell Smith's August 1950 appointment as DCI to President Truman's farewell visit to CIA in late 1952.

General Smith swept into office in October 1950 with a mandate and an inclination to bring about major change in CIA. As the fourth Director of Central Intelligence, he inherited an Agency that lacked clear direction even as it braced itself for the outbreak of a third world war. Smith began by implementing most of the program that the NSC had recommended to DCI Hillenkoetter in 1949. Moving swiftly, he reorganized CIA's analytical and support functions, exercised tighter control of clandestine activities, and insisted on high-level political approval for covert operations. The war in Korea and the threat of its spread dominated Smith's tenure as DCI. Covert operations in East Asia soon consumed an enormous proportion of CIA's growing but still limited resources. The wartime emphasis on the clandestine services steadily enhanced the profile and influence of Smith's new deputy—and ultimately his successor—Allen Dulles.

63. Houston to Lt. Gen. W. B. Smith, 29 August 1950
(Typed transcript; attachments not included)

transcribed for ABD by ed 3/20/53 *

IV/41(1,21

29 August 1950

MEMORANDUM FOR Lt. Gen. W. B. Smith

1. In accordance with our conversation of 23 August, I am forwarding a memorandum outlining the basic current problems facing CIA.

2. In the interest of brevity, the problems are broadly stated. Therefore, I have attached in tabs certain documents which go into considerable illustrative detail. This forwarding memorandum is classified TOP SECRET in accordance with the classification of Tabs F and G. The rest of the papers are classified in accordance with their content.

/s/ LAWRENCE R. HOUSTON

Lawrence R. Houston

8/28/50 059159

This document has been approved for release through the HISTORICAL REVIEW PROGRAM of the Central Intelligence Agency.

Date 8 JAN 1991

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* 2 carbon copies destroyed on 15 Jan 1964 by [redacted]

63. *(Continued)*

29 August 1950

MEMORANDUM FOR THE RECORD

Set forth below is a brief statement of some of the more pressing problems presently facing the Central Intelligence Agency. These are the subject of extensive studies within the Agency and are voluminously documented in Agency files.

Appended hereto are certain documents which most clearly illustrate the issues involved and which indicate measures which would be basic steps in the solution thereof. These documents are identified in a list of tabs at the end of this paper.

1. Coordination of Activities.

Difficulties in coordinating the intelligence activities of the Government, and of performing other functions imposed upon CIA by law, result from existing National Security Council directives which impose upon CIA the board of directors mechanism of the Intelligence Advisory Committee (IAC) in the following manner:

63. *(Continued)*

[redacted]

a. They require that recommendations and advice of the Director of Central Intelligence (DCI) to the National Security Council (NSC) must contain the concurrence or non-concurrence of the IAC;

b. They enable the IAC to assert the position that they are not merely advisory to the DCI, but are actually a board of directors, of which the DCI is but the executive secretary, i.e. one among equals;

c. Therefore the recommendations which go forward to the NSC are not CIA recommendations as contemplated by the law, but actually are watered-down compromises, replete with loop holes, in an attempt to secure complete IAC support.

2. Intelligence Support for Production of Estimates.

Difficulties are encountered by CIA in producing adequate intelligence estimates, due to the refusal of the IAC agencies to honor CIA requests for necessary intelligence information, departmental intelligence, or collection action:

a. Information has been withheld from CIA by IAC agencies on the basis that it is "operational" rather than "intelligence information" and therefore not available to CIA; that it is "eyes only" information or on a highly limited dissemination basis; or that it is handled under special security provisions which by-pass CIA;

b. CIA is not empowered to enforce its collection requests on IAC agencies, or establish priorities;

c. There is a failure of spontaneous dissemination of certain material to CIA;

d. IAC agencies continue to cite the so-called "Third Agency Rule" as a basis for refusing the give intelligence to CIA.

3. Production and Dissemination of Estimates

The furnishing of adequate national intelligence estimates

[redacted]

63. *(Continued)*

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to the President, the NSC, and other appropriate recipients is hampered by the lack of complete material, (as set forth in paragraph 3, above), and by present procedures which require concurrence or substantial dissent to each estimate from the IAC agencies, but make no provision for setting time limits thereon:

a. Departmental agencies of the IAC cannot concur in intelligence estimates which conflict with agency substantive policy; nor can they free themselves from departmental bias or budgetary interests;

b. Coordination of CIA estimates often takes months, with the result a compromise position;

c. Departmental dissents to CIA estimates are frequently unsubstantial, quibbling or reflective of departmental policy.

4. Special Problems.

a. The IAC agencies resist the grant of authority to CIA to issue directives affecting the intelligence field in general and their activities or priorities in particular on the ground that it would violate the concept of command channels;

b. The status of CIA in relation to the President and the NSC must be redefined and clarified;

c. The relationships between CIA on the one hand, and the Department of Justice -- particularly the FBI, on the other, especially in connection with the defector problem, must be improved and clarified.

d. Difficulties imposed by NSC directives in the field of unconventional warfare must be eliminated, particularly the policy control over CIA granted to the Departments of State and Defense. The separation of clandestine operations into two offices within CIA creates serious problems of efficiency, efficacy and, above all, security;

e. There is a failure of coordination of overt intelligence collection in the field, due in part to competition among the departments in the field, but also to lack of positive planning and

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63. *(Continued)*

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action by CIA. This results in unnecessary duplication and overlaps, and the initial withholding of choice material. It is becoming necessary for CIA to take a strong position in the field of overt collection abroad.

5. Nuclear Energy and Other Special Intelligence Subjects.

Each has its own but related problems.

6. Relationship between JCS and CIA in the Event of War.

This is an unresolved problem which has been the subject of considerable discussion, one aspect of which is covered by Tabs F and G attached. It may of course require urgent consideration at any time.

7. Conclusion.

Solution of the above problems lies in a grant of adequate authority to the DCI and CIA, and use of that authority to achieve the necessary coordination by direction rather than placing reliance in a spirit of cooperation and good will.

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63. *(Continued)*

INDEX OF TABS

Tab A - CIA proposed revision of NSCID #1. This directive is believed by CIA to be necessary to give the Director the authority needed for exercise of his responsibilities. It has been forwarded to State for discussion, but no further action has been taken on it.

Tab B - Proposed "Memorandum to the National Security Council," which elaborates paragraphs 1 - 3 set forth in the memorandum above. This was prepared several months ago as an introduction to CIA's proposed revision of NSCID #1, included herewith under Tab A.

Tab C - National Security Council Intelligence Directive (NSCID) #1, under which CIA presently operates.

Tab D - Memorandum entitled "Legal Responsibilities of the Central Intelligence Agency", which emphasizes particularly Congressional intent in regard to the national intelligence mission.

Tab E - Current State/Defense proposals for reorganization of intelligence production within CIA. A compromise version of this paper is still under discussion.

Tab E/1 - Compromise now urged by State/Defense thru Gen. Magruder.

Tab F - Joint Intelligence Committee report on war time status and responsibilities of CIA and its field agencies (JIC 445/1, 12 July 1950). This indicates an intention on the part of the JIC to have JCS take over control of all covert activities in the event of war.

Tab G - Memorandum for Brig. Gen. John Magruder, dated 16 August 1950, setting forth CIA's position on its war time relations to the Joint Chiefs. This memorandum was originally drafted for dispatch to the Secretary of Defense and was actually dispatched to General Magruder.

64. Wisner, Memorandum for Director of Central Intelligence, "Interpretation of NSC 10/2 and Related Matters," 12 October 1950 (Photocopy)

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Noted by DCI

12 October 1950

PLEASE RETURN TO C/DD/I (NSC)

MEMORANDUM FOR: DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Interpretation of NSC 10/2 and Related Matters

1. Pursuant to your oral instructions to me, I have duly notified the appropriate representatives of the Departments of State and Defense and the Joint Chiefs of Staff of your interpretation of NSC 10/2 and of your view that the Memorandum of Interpretation dated 12 August 1948 and entitled "Implementation of NSC 10/2" is no longer applicable or effective in the light of altered circumstances.

2. The notification and advice above referred to was accomplished at a meeting held in my office at 3:30 p.m., 11 October 1950, which meeting was attended by the authorized representatives of the Secretaries of State and Defense and of the Joint Chiefs of Staff. I explained to these individuals at considerable length your reasoning and conclusions as regards the lack of immediate necessity for a revision of NSC 10/2 in order to accomplish the full integration of the Office of Policy Coordination as an element of the Central Intelligence Agency fully responsive to your authority and command as Director of the Agency. I further pointed out that you acknowledged the propriety and desirability of the continuing receipt by OPC of advice and policy guidance from the Departments of State and Defense and the Joint Chiefs of Staff, but that this was not to be regarded in any sense as placing State, Defense and JCS in the position of giving instructions or orders to OPC. Finally, I explained that you saw no reason for changing the existing pattern of advice and guidance including the manner in which policy guidance flows to OPC as well as the organizations and individuals in State, Defense and CIA heretofore functioning in this capacity. I said that in theory and in fact the policy guidance would be coming to the CIA as an organization and not merely to OPC, and that it would be my responsibility to keep you fully informed on all matters worthy of your attention.

3. The foregoing statements on my part appeared to have been well received by the representatives of State, Defense and the JCS, all of whom expressed themselves as being personally in agreement with your views. They undertook to convey the information given to them to their respective superiors and to inform us in due course of the reaction and response of their superiors.

Frank G. Wisner

FRANK G. WISNER
Assistant Director for
Policy Coordination

ALSO SPE

HS/CSG-519

HS/CSG-771

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65. Smith, Memorandum for the President, 12 October 1950
(Carbon copy with attachments)

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CENTRAL INTELLIGENCE AGENCY
WASHINGTON 25, D. C.

12 October 1950

MEMORANDUM FOR THE PRESIDENT

In accordance with your instructions, I submit herewith estimates regarding five critical situations in the Far East. The intelligence organizations of the Departments of State, the Army, the Navy, and the Air Force participated in the preparation of these estimates and concur in them.

The estimates follow in the following order:

Enclosure A - Threat of Full Chinese Communist Intervention in Korea
B - Threat of Soviet Intervention in Korea
C - Threat of Chinese Communist Invasion of Formosa
D - Threat of Chinese Communist Invasion of Indochina
E - Communist Capabilities and Threat in the Philippines
F - General Soviet and Chinese Communist Intentions and Capabilities in the Far East

Inasmuch as the conclusions reached with respect to these particular situations depend in part on the possibility of a Soviet decision to resort to global war, the latest agreed estimate on that subject is also attached as Enclosure G.

WALTER B. SMITH
Director

DOCUMENT NO. 8
NO CHANGE IN CLASS. ☐
☐ DECLASSIFIED
CLASS. CHANGED TO: TS ☒ C
NEXT REVIEW DATE: 2011
AUTH: HR 70-2
DATE: 23 [illegible] REVIEWER: [illegible]

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ERRATA for Central Intelligence Agency Top Secret Memorandum of 12 October 1950 #32615

A phrase has been omitted from Enclosure E, Communist Capabilities and Threat in the Philippines. The phrase "a number of the " belongs in paragraph 3.b, thus making the first sentence of 3.b. read: "Since the Communists have achieved power in China, it is believed that a number of the approximately half a million Philippine Chinese have already aligned themselves with the Peiping regime."

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CENTRAL INTELLIGENCE AGENCY

12 October 1950

A. THREAT OF FULL CHINESE COMMUNIST INTERVENTION IN KOREA

I. STATEMENT OF THE PROBLEM

1. To estimate the threat of full-scale Chinese Communist intervention in Korea.

II. CAPABILITIES

2. The Chinese Communist ground forces, currently lacking requisite air and naval support, are capable of intervening effectively, but not necessarily decisively, in the Korean conflict.

III. FACTORS BEARING ON INTENT

3. Indications of Intentions. Despite statements by Chou En-lai, troop movements to Manchuria, and propaganda charges of atrocities and border violations, there are no convincing indications of an actual Chinese Communist intention to resort to full-scale intervention in Korea.

4. Factors Favoring Chinese Communist Intervention.

a. Intervention, if resulting in defeat of UN forces, would: (1) constitute a major gain in prestige for Communist China, confirming it as the premier Asiatic power; (2) constitute a major gain for World Communism with concomitant increase in Communist China's stature in the Sino-Soviet axis; (3) result in the elimination

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of the possibility of a common frontier with a Western-type democracy; and (4) permit the retention of sources of Manchurian electric power along the Yalu River.

b. Intervention, even if not resulting in a decisive defeat of UN forces, would: (1) enable the Chinese Communists to utilize foreign war as an explanation for failure to carry out previously announced economic reforms; (2) be consistent with and furnish strong impetus to anti-Western trends in Asia; and (3) justify a claim for maximum Soviet military and/or economic aid to China.

c. Intervention, with or without assurance of final victory, might serve the cause of World Communism, particularly the cause of the Soviet Union, in that it would involve the Western bloc in a costly and possibly inconclusive war in the Far East.

d. The Communist cause generally and the Sino-Soviet bloc particularly face the prospect of a major set-back in the struggle with the non-Communist world if UN forces are permitted to achieve complete victory in Korea.

5. Factors Opposing Chinese Communist Intervention.

a. The Chinese Communists undoubtedly fear the consequences of war with the US. Their domestic problems are of such magnitude that the regime's entire domestic program and economy would be jeopardized by the strains and the material damage which would be sustained in war with the US. Anti-Communist forces would be encouraged and the regime's very existence would be endangered.

b. Intervention would minimize the possibility of Chinese membership in the UN and of a seat on the Security Council.

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c. Open intervention would be extremely costly unless protected by powerful Soviet air cover and naval support. Such Soviet aid might not be forthcoming because it would constitute Soviet intervention.

d. Acceptance of major Soviet aid would make Peiping more dependent on Soviet help and increase Soviet control in Manchuria to a point probably unwelcome to the Chinese Communists.

e. If unsuccessful, Chinese intervention would lay Peiping open to Chinese resentment on the grounds that China would be acting as a Soviet catspaw.

f. From a military standpoint the most favorable time for intervention in Korea has passed.

g. Continued covert aid would offer most of the advantages of overt intervention, while avoiding its risks and disadvantages. Covert aid would enable the Chinese Communists to:

(1) Avoid further antagonizing of the UN and reduce risk of war with the US;

(2) Promote the China-led Asiatic peoples' "revolutionary struggle," while ostensibly supporting peace;

(3) Maintain freedom of action for later choice between abandonment of aid or continuing such covert aid as might be appropriate to Chinese Communist needs in Korea;

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(4) Satisfy the "aid Korea" demand in Communist circles in China and Asia generally, without risking war with the US.

IV. PROBABILITY OF CHINESE COMMUNIST ACTION

6. While full-scale Chinese Communist intervention in Korea must be regarded as a confirming possibility, a consideration of all known factors leads to the conclusion that barring a Soviet decision for global war, such action is not probable in 1950. During this period, intervention will probably be confined to continued covert assistance to the North Koreans.

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CENTRAL INTELLIGENCE AGENCY

12 October 1950

B. THREAT OF SOVIET INTERVENTION IN KOREA

I. STATEMENT OF THE PROBLEM

1. To estimate the threat of direct Soviet military intervention in Korea during 1950.

II. CAPABILITIES

2. Soviet armed forces now in the Far East are capable of intervening overwhelmingly in Korea virtually without warning.

III. FACTORS BEARING ON INTENT

3. Indications of Intentions. The Soviet Union to date has given no indication that it intends to intervene directly in Korea. Since the beginning of hostilities the Soviet Union has sought in its official statements and in its propaganda to give the impression that it is not involved in the Korean situation. Moreover, the USSR has taken no political or military actions that constitute direct armed intervention in Korea. However, the Soviet Government for some months has been increasingly improving its military capabilities in the Far East as well as in other strategic areas.

4. Factors Favoring Soviet Intervention. The defeat of North Korea would constitute a major set-back for the USSR. It would involve:

a. The loss of a Satellite, and the establishment of a Western-oriented state on the frontiers of Communist China and the USSR.

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b. Giving the Western Powers a potential strategic bridgehead which the Kremlin would always regard as a threat to the industrial, communication, and military centers of Manchuria and the Soviet Far East.

c. Weakening the Soviet military and political position vis-à-vis Japan.

d. A loss to Soviet political prestige in that it would demonstrate that the Kremlin is not willing to support its followers effectively in a Soviet-instigated action.

e. A loss to Soviet military prestige in that it would lead to a tendency, whether or not justified, to re-evaluate the effectiveness of Soviet military equipment and tactics.

f. A reduction in the prospects of the Soviet Union for expanding its political control by means short of war in that it would demonstrate the determination and capability of the non-Soviet world to resist effectively Soviet-inspired aggression.

5. Factors Opposing Soviet Intervention.

a. In weighing potential gains and risks of intervention, the Soviet leaders must calculate, as an overwhelming consideration, that their open intervention would lead to direct hostilities with US and other UN forces over an issue on which the Western world has achieved a new degree of unity. Soviet leaders would have no assurance that combat between Soviet and US forces would be limited by the US to Korea or to the Far Eastern theater. Consequently, a decision to intervene openly in Korea, in the ultimate analysis, involves a decision to risk immediate and probably global war with the US.

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b. The Soviet leaders may estimate that it will be possible, without assuming this all-critical risk, to salvage some of the losses suffered from the Korean situation. US military activities could be obstructed by extensive guerrilla action, which might involve the US in an extended and costly occupation and which could contribute to Soviet efforts to develop in Asia a racial enmity toward the US and the Western Powers.

IV. PROBABILITIES OF SOVIET ACTION

6. It is believed that the Soviet leaders will not consider that their prospective losses in Korea warrant direct military intervention and a consequent grave risk of war. They will intervene in the Korean hostilities only if they have decided, not on the basis of the Korean situation alone, but on the basis of over-all considerations, that it is to their interest to precipitate a global war at this time.

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CENTRAL INTELLIGENCE AGENCY

12 October 1950

C. THREAT OF CHINESE COMMUNIST INVASION OF FORMOSA

I. STATEMENT OF THE PROBLEM

1. To estimate the threat of Chinese Communist invasion of Formosa during 1950.

II. CAPABILITIES

2. Despite certain definite Chinese Communist deficiencies in naval and air forces and probably in amphibious training and doctrine, the Communists are now capable of launching an invasion against Formosa with about 200,000 troops and moderate air cover. The USSR could at a minimum furnish tactical advice and technical and logistic support.

3. Although Chinese Nationalist forces are sufficient in number and materiel to defend Formosa, lack of staying power, poor command structure, lack of inter-service coordination, questionable morale and shortages of some types of ammunition make their defense capabilities questionable.

4. Without direct Soviet participation and given strong naval and air assistance by the US armed forces, the Chinese Nationalist defense forces are capable of holding Formosa against a determined Chinese Communist invasion.

III. FACTORS BEARING ON INTENT

5. Indications of Intentions. Frequent official statements of the Chinese Communists have clearly indicated their intention to seize control of Formosa. However, available intelligence does

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not indicate their intention to do so in the immediate future. An unknown factor bearing upon the intent to invade is the degree of control the USSR is capable of exercising over the Chinese Communists, and the Soviet intent with respect to Formosa.

6. Factors Favoring Invasion of Formosa.

a. The occupation of Formosa would remove the symbol of Nationalist resistance; eliminate a potential source of coordinated opposition to the Chinese Communist regime; and would seriously diminish continued anti-Communist resistance in China and throughout Southeast Asia.

b. Abandonment or continued postponement of an attack on Formosa would result in a loss of "face" to the Chinese Communists.

c. Formosa would provide the Chinese Communists with a small but significant source of foreign exchange, and a potential source of rice, thereby contributing somewhat to Chinese Communist capabilities for economic reconstruction.

7. Factors Opposing an Invasion of Formosa.

a. Success would be improbable.

b. An attack involves the risk of war with the US as long as US forces are interposed between Formosa and the mainland. The Chinese Communist leadership would be reluctant to jeopardize its popular support, domestic achievements, and internal program by an attack on Formosa that could lead to retaliatory air attacks on Chinese cities, to a strict blockade of the Chinese coast, to strong economic sanctions, and to protracted warfare that could sap Chinese economic strength.

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c. The Chinese Communists face serious domestic problems, including banditry, widespread unrest, guerrilla opposition, economic stagnation, agrarian maladjustments, and the problems involved in consolidating the Communist Party's political control. For these reasons the danger exists that, if attacks should fail or prove unduly costly, the present apparent solidarity of the Communist regime would be subjected to a severe strain.

d. In view of current UN interest in Formosa, the Chinese Communists have some reason to hope for a favorable political solution.

IV. PROBABILITY OF CHINESE COMMUNIST INVASION

8. It is believed that barring a Soviet decision to precipitate global war, an invasion of Formosa by the Chinese Communists will not be attempted during the remainder of 1950.

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CENTRAL INTELLIGENCE AGENCY

12 October 1950

D. THREAT OF A CHINESE COMMUNIST INVASION OF INDOCHINA

I. STATEMENT OF THE PROBLEM

1. To estimate the threat of a Chinese Communist invasion of Indochina in 1950.

II. CAPABILITIES

2. From forces presently deployed near the Indochina border, the Chinese Communists could commit 100,000 troops for an invasion of Indochina without appreciable forewarning. Approximately 150,000 additional Chinese Communist troops could arrive at the border in support of an invasion within ten days. Reinforcements and supplies might be moved by sea to rebel-held sections of the Indochina coast. It is also within Chinese Communist capabilities to furnish air support for an invasion.

3. These capabilities could be exercised without jeopardy to other possible Chinese Communist military operations in the Far East, except to the already inadequate air support for a simultaneous North Korean or Formosan intervention.

4. If the Chinese Communists should invade Indochina, it is almost certain that the defending forces under the French would soon lose all of Vietnam, except Cochin China.

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III. FACTORS BEARING ON INTENT

5. Indications of Intentions.

a. The construction and improvement of roads, railroads, and air facilities; the provision of technical and training assistance and advisory personnel; present logistic support from the border provinces of Kwangtung, Kwangsi, and Yunnan--all these might be construed as positive indicators of an impending invasion. These activities, however, might also be indicators of an increase in the flow of Chinese Communist aid to the Viet Minh Communists, rather than of Chinese invasion.

b. Although Chinese Communists have given propaganda support to the Viet Minh, there has been no public Chinese Communist statement which could reasonably be construed as a commitment to invade or as justification for invasion.

6. Factors Favoring Intervention.

a. A Chinese Communist invasion of Indochina would be the most rapid means of establishing a Communist Indochina.

b. The fall of Vietnam to the Communists would facilitate establishment of Communist control over Burma and Thailand.

c. An early Communist victory in Indochina would in part offset the loss of International Communist prestige occasioned by Communist reverses in Korea.

d. The Chinese Communists, operating on behalf of International Communism, might invade Indochina with the hope that, even if UN intervention should deprive them of complete victory, Western bloc forces would be involved in inconclusive warfare in the Far East.

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7. Factors Opposing Intervention.

a. A Chinese Communist invasion of Indochina would greatly increase the risk of Chinese Communist involvement in war against the Western Powers or the UN, as well as the risk of global war.

b. Recent Viet Minh military successes have increased the probability that Communist control of Indochina can be ultimately secured without resort to Chinese Communist invasion, providing there is no major increase of presently planned external assistance to the French and their supporters.

c. Viet Minh capabilities can be substantially increased without resort to open intervention.

d. Invasion of Indochina by Chinese Communist troops would arouse local anti-Chinese sentiment and could be a serious source of command conflict between Peiping and Viet Minh leadership.

e. A Chinese Communist invasion would tend to antagonize the presently neutral states of Asia, particularly India.

f. Communist China's prospects for membership in the UN and UN-sponsored organizations would be jeopardized and the opportunity for the establishment of diplomatic relations with powers outside the Soviet orbit would be curtailed.

g. Chinese Communist invasion of Indochina might provide the US with an impelling reason for retaining in the vicinity of Formosa--a major objective of the Chinese Communist government--the US Seventh Fleet.

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IV. PROBABILITIES OF CHINESE COMMUNIST INVASION

It is estimated that an open Chinese Communist invasion--while possible and capable of being launched with little or no preliminary warning--is improbable in 1950. It is highly probable, however, that the Chinese Communists will increase the substantial military assistance already being given to the Viet Minh forces.

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CENTRAL INTELLIGENCE AGENCY

12 October 1950

E. COMMUNIST CAPABILITIES AND THREAT IN THE PHILIPPINES

I. STATEMENT OF THE PROBLEM

1. To estimate the Communist capabilities and threat in the Philippines.

II. CAPABILITIES

2. The Huks. The Huks (Hukbong Mapagpalaya Ng Bayan) are today the army of Philippine Communism, led by avowed Communists who follow the policies and seek to further the objectives of World Communism. Their armed strength is estimated at no more than about 10,000. The Huks are essentially a guerrilla organization, utilizing " hit and run" tactics; making maximum use of the elements of surprise, choice of terrain, and mobility; and avoiding frontal engagement with government forces. The Huks, who are limited almost exclusively to infantry weapons, have the capability of mounting several comparatively large-scale (300-500 men) coordinated attacks simultaneously against widely separated targets. During 1949-50, they have expanded their areas of operation throughout Luzon and to other islands of the Philippines. In recent months they have carried out better coordinated and more widespread attacks. The Huks have terrorized local communities and interfered with travel. They can extend and intensify their operations, particularly in weakly defended provincial areas, and may well stage another series of coordinated attacks before the end of 1950.

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3. Supporting Elements.

a. Support of the Huk movement, apart from that derived from unorganized lawless elements, is found among large numbers of peasants, who willingly or by force and intimidation contribute to the Huk movement. Another source of support is found in the Philippine labor movement, where low real wages and poor conditions of work permit exploitation of the union movements by Communist organizers.

b. Since the Communists have achieved power in China, it is believed that approximately half a million Philippine Chinese have already aligned themselves with the Peiping regime. Such Chinese are probably facilitating Communist communications, providing financial support, and otherwise rendering aid to the Huks.

c. Available intelligence does not indicate that the Huks have received, or are likely to receive, sufficient assistance from external Communist sources to alter their military capabilities significantly during 1950.

4. Government Countermeasures. Government efforts to deal with the Huk problem have been ineffective thus far. Government forces have been and are able to maintain over-all internal security but are unable to control local areas where dissident groups are strongest. Recently reorganized armed forces may be able to deal more effectively with Huk activities, but little improvement is anticipated during 1950. Disillusionment with the government's ineffectiveness has caused many persons who are not active Huk supporters to become indifferent and uncooperative toward government efforts to stamp out the dissident forces. The government, moreover, has shown little disposition to adopt and implement basic agrarian and social reforms which

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might reduce considerably the number of peasants who support the Huks. Such a reduction would lessen measurably Huk capabilities and the intensity of their operations, but would not eliminate the hard core of the Huk movement which would continue to pose a burdensome security problem.

IV. CONCLUSIONS

5. While the Huks are capable of conducting widespread, coordinated raids particularly in central Luzon, and creating some disturbances in the Manila area, it is estimated that they cannot overthrow the Philippine Government in 1950.

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CENTRAL INTELLIGENCE AGENCY

12 October 1950

F. GENERAL SOVIET AND CHINESE COMMUNIST INTENTIONS AND CAPABILITIES IN THE FAR EAST

I. STATEMENT OF THE PROBLEM

1. To estimate general Soviet and Chinese Communist intentions and capabilities in the Far East in 1950.

II. OBJECTIVES

2. The Soviet Union and Communist China share the common objective of establishing Communist control throughout the Far East. Logically, both would prefer to secure this objective without resort to general war. The Soviet Union includes in its objective Kremlin control of a communized Asia, including China. While Chinese Communists may well object to such Kremlin control, they have given no overt indication that they do not accept the primacy of Moscow in International Communism.

III. CAPABILITIES

3. Short of Direct Employment of Armed Forces. The Soviet Union and Communist China have the capacity, through a continuation of measures short of war, further to develop the strength of Communism in all areas in the Far East except those occupied by US or UN forces. It is estimated, however, that in no area of the Far East, except Tibet and possibly Indochina unless presently-planned external assistance is increased, do they have the capability of establishing complete Communist control during 1950 through such measures.

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4. With Full-Scale Employment of Armed Forces, In the event of war beginning in 1950:

a. The Soviet Union acting alone has the capability of rapidly occupying Korea, Hokaido and Okinawa; of launching a substantial amphibious-airborne invasion of Honshu; and of conducting harassing attacks on the Aleutians, Kyushu, Formosa, the Philippines, and other islands in the adjacent waters, and lines of communication.

b. Communist China acting alone possesses the capability to overrun Tibet and substantial portions of the mainland of Southeast Asia, and to make a strong attack on Korea.

c. In combination, the Soviet Union and Communist China have the capability of overrunning practically all the Asiatic mainland and possibly of occupying all Japan and Formosa.

IV. INTENTIONS

5. Both the Soviet Union and Communist China have clearly indicated that they intend to pursue without pause their goal of extending Communist control over every vulnerable area in the Far East by every means open to them short of direct use of their armed forces. Neither has given concrete indication of an intention to employ during 1950 its own armed forces outside its own boundaries.

6. It is estimated in particular that, barring a Soviet decision to precipitate a global war, the Soviet Union will not during 1950 intervene directly with its armed forces in Korean hostilities, and the Chinese Communists probably will not in 1950 attempt to invade Korea, Formosa, or Indochina.

7. With respect to a possible Soviet decision to precipitate global war, the latest agreed conclusions are set forth in Enclosure G.

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CENTRAL INTELLIGENCE AGENCY

12 October 1950

G. CONCLUSIONS REGARDING A POSSIBLE SOVIET DECISION TO PRECIPITATE GLOBAL WAR

1. The Soviet rulers are simultaneously motivated by Marxist-Leninist-Stalinist doctrine and by considerations affecting the position of the Soviet Union as a world power. They have made clear that their long-term object is to establish World Communism under the domination of the Kremlin. Their immediate concerns, however, are:

a. To maintain the control of the Kremlin over the peoples of the Soviet Union.

b. To strengthen the economic and military position and defend the territory of the Soviet Union.

c. To consolidate control over the European and Asian Satellites (including Communist China).

d. To make secure the strategic approaches to the Soviet Union, and to prevent the establishment, in Europe and Asia, of forces capable of threatening the Soviet position.

e. To eliminate Anglo-American influence in Europe and Asia.

f. To establish Soviet domination over Europe and Asia.

g. To weaken and disintegrate the non-Soviet world generally.

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The Soviet Union will try to pursue these objectives simultaneously. In case of conflict between one and another of these objectives, however, it may be expected that the Soviet rulers will attach greater importance to the first four listed, and in that order.

2. On the basis that the long-term object of the Soviet rulers is immutable and dynamic, and that the Western Powers are not prepared to succumb to Soviet domination without a fight, there is, and will continue to be, grave danger of war between the Soviet Union and its satellites on the one hand, and the Western Powers and their allies on the other.

3. The Soviet Union will continue relentlessly its aggressive pressures on the power position of the Western nations.

4. The Soviet rulers could achieve, and are in a fair way towards achieving, the first three parts of their object (see a, b, c above) without risk of involvement in direct armed conflict with the Western Powers.

5. Parts d, e, f, and g of their object are improbable of achievement without the employment of armed force, though there are still factors in the existing situation which might well lead Soviet rulers to consider that, in certain circumstances, and in the absence of effective armed opposition by the Western Powers, they might ultimately attain these parts of their object without the overt involvement of Soviet armed forces.

6. In pressing to achieve parts d, e, f, and g of their object, the Soviet rulers will, at certain stages, inevitably impinge upon the vital interests of the Western Powers and so incur the risk of involvement in a general war precipitated through the necessary reactions of the Western Powers.

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7. In the belief that their object cannot be fully attained without involvement in a general war against the Western Powers, the Soviet rulers may decide deliberately to provoke such a war at a moment when, in their opinion, the strength of the Soviet Union vis-à-vis the Western Powers is at its maximum. It is estimated that such a period exists now and will extend from the present through 1954 (Note 1) with its peak at about halfway, i.e., 1952 (Note 2).

8. From the point of view of military forces and economic potential, the Soviet Union is in a position to conduct a general war of limited duration now if Soviet rulers thought it desirable or expedient.

9. While intelligence is lacking to permit a valid prediction as to whether or when the Soviet Union may actually exercise its initiative and capability to launch a general war, in view of the foregoing it must be recognized that the risk of a general war exists now and hereafter at anytime when the Soviet rulers may elect to take action which threatens, wholly or in part, the vital interests of the Western Powers.

NOTE 1: 1954 being the date by which it is assumed that North Atlantic Treaty Organization forces in Europe will be built up to such a strength that they can withstand the initial shock of surprise attack; and when the gap between the relative strength of the Western Union forces and those of the Soviet Union will have begun to contract.

NOTE 2: i.e., when the Soviet Union has made good some essential deficiencies in atomic bomb stock pile, and in certain types of aircraft; and before the North Atlantic Treaty Organization economy is fully geared to the war effort.

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66. National Intelligence Estimate 12, "Consequences of the Early Employment of Chinese Nationalist Forces in Korea," 27 December 1950

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210

CONSEQUENCES OF THE EARLY EMPLOYMENT OF CHINESE NATIONALIST FORCES IN KOREA

NIE-12

Published 27 December 1950

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66. *(Continued)*

WARNING

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d. Director of Intelligence, USAF, for the Department of the Air Force

e. Director of Intelligence, AEC, for the Atomic Energy Commission

f. Deputy Director for Intelligence, Joint Staff, for the Joint Staff

g. Assistant Director for Collection and Dissemination, CIA, for any other Department or Agency

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66. *(Continued)*

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NATIONAL INTELLIGENCE ESTIMATE

CONSEQUENCES OF THE EARLY EMPLOYMENT OF CHINESE NATIONALIST FORCES IN KOREA

NIE-12

The intelligence organizations of the Departments of State, the Army, the Navy, and the Air Force participated in the preparation of this estimate, and State, Army, and Navy concur in it. A dissent by the intelligence organization of the Department of the Air Force is appended as an annex. This paper is based on information available on 23 December.

~~SECRET~~

66. *(Continued)*

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CONSEQUENCES OF THE EARLY EMPLOYMENT OF CHINESE NATIONALIST FORCES IN KOREA

ASSUMPTION: That hostilities have not spread beyond the borders of Korea at the time of a decision to employ Chinese Nationalist forces in Korea.*

1. The Chinese Nationalists have offered a task-force of 33,000 troops for service in Korea and possibly could provide a greater number without jeopardising the security of Taiwan. Nationalist troops have undergone extensive and prolonged training, but due to inept leadership and poor living conditions there is some question of their morale. The majority of Nationalist troops on Taiwan have come from the more temperate zones of China, and a contingent for Korea probably would require training and some re-equipment before being committed to combat in cold-weather operations. In other respects, the initial Nationalist contingent for Korea would be well-equipped and could be transported to Korea in fourteen days. The Nationalist troops are experienced and familiar with Chinese Communist tactics. Nationalist units should perform comparatively efficiently under good leadership and adequate supervision, but might be susceptible to Communist propaganda and suffer a substantial number of defections if permitted to operate independently in areas beyond the immediate tactical control of UN commanders.

2. The presence or the absence of Chinese Nationalist troops in Korea in the limited numbers estimated to be available within the immediate future would not be a major factor affecting the ability of UN forces to establish and hold a defensive line across the peninsula against numerically vastly superior Chinese Communist forces.

3. If a protracted defense of a beachhead is undertaken, the presence of Chinese Nationalist forces could make a substantial contribution, provided they were operating under good leadership and adequate supervision.

4. Whatever the military outcome in Korea, the employment of Chinese Nationalists there would, in the eyes of other nations, further identify the US with the Chinese Nationalists and would constitute a moral commitment for continuing US support of the Chinese Nationalist regime. In addition, the employment of Chinese Nationalist forces in Korea would immediately raise difficult problems involving the feasibility of continuing the US policy of neutralisation of Taiwan, particularly with respect to the employment of Nationalist naval and air forces other than in Korea and in Korean waters.

5. A majority of UN nations would probably reject a US proposal to use Chinese Nationalist troops in Korea. There is a general apprehension that the employment of Chinese Nationalist troops in Korea would give impetus or at least provide the pretext for increased militancy on the part of Communist China. This militancy would increase the danger of a general war with Communist China, which in turn might develop into a global war. In addition, the Western European nations would feel strongly that the US was jeopardising the first-priority task of defense of the European continent by becoming involved in protracted hostilities in Asia. The employment of the Chinese Nationalists would alienate other Asiatic countries, which

*Note: This estimate considers only the consequences of the immediate employment of Chinese Nationalist troops in Korea in the present situation and does not deal with the consequences of eventual employment of Chinese Nationalist troops either in Korea, in later and changed circumstances, or on the Chinese mainland as part of a larger undertaking. An estimate (SNIE-16) is in preparation on the more general question.

~~SECRET~~ 1

66. *(Continued)*

consider the Chinese Nationalists to be reactionary, politically incompetent, and already repudiated by their own people. Unilateral US action in using Chinese Nationalist troops would intensify these feelings.

6. The use of Chinese Nationalist troops in Korea would remove whatever chance might remain of a political solution of the Korean conflict. Although it is evident that Communist China strongly supports general Soviet strategic objectives, this support might become even stronger as a result of the use of Chinese Nationalist forces in Korea.

7. The USSR would probably welcome a unilateral US decision to use Chinese Nationalist troops in Korea as: (a) further embroiling the US in hostilities with Communist China without engaging the USSR; (b) dividing the US from its allies; and (c) providing plausibility for international Communist propaganda concerning alleged US military aggressions and support of reactionary regimes.

66. *(Continued)*

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ANNEX

1. The Director of Intelligence, U.S.A.F., dissents in NIE–12.

2. In general, this estimate has emphasized the military and political disadvantages of the employment of Chinese Nationalist forces in Korea, and has failed to point out adequately the advantages which would accrue to the U.S.-U.N. campaign in Korea by the use of such forces. Specific points are as follows:

a. The discussions in this paper appear to have been governed by the acceptance of approximately 33,000 Nationalist troops as being essentially the total number available for employment in Korea. This office estimates this number to be far less than the total available.

b. The estimate does not give sufficient consideration to the fact that Chinese Nationalist Forces offer the only readily available force for major augmentation of U.N. forces in Korea. In fact, such insufficient consideration fails to give planners grounds for looking upon the availability of these forces as a factor influencing the determination as to whether or not a beachhead should be held at all.

c. Introduction of a large number of Chinese Nationalist troops could make a substantial contribution by providing much-needed infantry to the U.S.-U.N. campaign in Korea, if a beachhead were retained.

d. This office does not believe that the reactions of all the various Asiatic nations to the employment of Nationalist troops in Korea can be assessed with sufficient accuracy to warrant the conclusion that these Asiatic nations will be irrevocably opposed to the utilization of these anti-communist forces. In this respect, more deference is paid in this paper to the attitudes of the governments, or majorities in the respective countries, than to the elements which fully recognize the Communist menace and would be encouraged by this new opposition to Communism's advance. It is not beyond the bounds of possibility that even in Europe, public opinion might learn to applaud firm opposition, whether it be in Europe or in Asia, and in fact might prefer the fight to be made in Asia.

e. The estimate indicates that the use of Chinese Nationalist troops in Korea would eliminate any remaining chance of an immediate political solution of the Korean conflict. This dissent in no way is intended to contradict this conclusion. However, it appears to this office that the law of diminishing returns has set in with respect to the probability of a satisfactory immediate political conclusion. The discussion in the paper does not warrant a sound conclusion as to whether or not utilization of Nationalist troops would prejudice or aid an eventual political solution.

3. The estimate implies that the employment of Chinese Nationalist troops in Korea would give impetus to, or provide the pretext for, increased militancy on the part of Communist China. It is reasonable that any increase in militancy, if such is possible (other than against Hong Kong), would be governed more by Chinese military capabilities and their own time-table than by any provocation which might result from the employment of Chinese Nationalist troops in Korea.

4. There appears to be insufficient data to justify the conclusion in paragraph 7 of this estimate that "the USSR would probably welcome a unilateral U.S. decision to use Chinese Nationalist troops in Korea."

5. This office would revise NIE–12 as indicated below:

a. *Reference p. 1, par. 2.* Revise as follows: *"There is no immediate crisis in Korea requiring Chinese Nationalist troops to prevent a disaster, but this opportunity to begin the dynamic exploitation of any anti-Communist forces whose commitment could have a favor-*

66. (Continued)

able effect on the Korean and possibly the entire Far Eastern situation should be given careful consideration. The Chinese Nationalist forces on Formosa provide the only visible means for such exploitation. The presence or absence of Chinese Nationalist troops in Korea in the limited numbers estimated to be available within the immediate near future and later would not be an important a major factor affecting the ability of UN forces to establish and hold a defensive line across the peninsula against numerically vastly superior Chinese Communist forces, unless the US-UN introduced reinforcements directly."

b. Reference p. 1, par. 3. Add at end of paragraph as follows: "An important requirement in Korea is for additional infantry. By using Nationalist infantry as a screening force, present UN forces in Korea could be used more effectively as a striking force. The defense of a beachhead requires a mobile reserve which can counterattack quickly at the points of greatest enemy pressure."

c. Reference par. 4. Amend first sentence and add a new sentence as follows: "Whatever the military outcome in Korea, the employment of Chinese Nationalists there would, in the eyes of certain other nations at the present time, further identify the US with the Chinese Nationalists and would constitute a degree of moral commitment for continuing US support of the Chinese Nationalist regime. At the same time this act would identify U.S. intentions to utilize anti-Communist forces within its capabilities, and as such might have a positive psychological effect of potentially great value upon anti-Communist forces."

d. Reference par. 5. Revise as follows: At the present time a majority of UN nations would probably reject a US proposal to use Chinese Nationalist troops in Korea. There is a general apprehension that the employment of Chinese Nationalist troops in Korea would give impetus, or at least provide the pretext, for increased militancy on the part of Communist China. Despite the repeated assurances of the US-UN to respect the Manchurian borders and the maintenance of the embargo against Chinese Nationalist operations on the mainland, Chinese Communist militancy has already reached a high level in committing the Fourth Field Army, which represents the best available Chinese Communist military force. It is difficult to see any new form which this militancy could take (other than in Hong Kong). This militancy would increase Therefore, there probably would be little increase in the danger of a general war with Communist China, which danger in turn might develop into a global war already exists. This, too, probably will have little direct effect upon the development of a global war. At least in the beginning, the Western European nations would might feel strongly that the US was jeopardizing the first-priority task of defense of the European continent by becoming involved a continued involvement in protracted hostilities in Asia. Later however, they might come to appreciate the determination of the US to take constructive action in an area of vital importance in the struggle against Soviet directed Communist aggression. The employment of the Chinese Nationalists would might alienate those element in certain other Asiatic countries, which who consider the Chinese Nationalists to be reactionary, politically incompetent, and already repudiated by their own people. On the other hand, the employment of the Chinese anti-Communist forces could hearten the anti-Communist elements of all Asiatic countries and increase their will to resist Communist aggression. Unilateral US action in using Chinese Nationalist troops would intensify these feelings. In addition if the other nations should determine that it is necessary to make a stand in Korea, they will be more amenable when they recognize this as a method of relieving them of the necessity of providing more forces themselves."

e. Reference par. 6. Amend as follows: "At a time of delicate negotiations the use of Chinese Nationalist troops in Korea would remove whatever change might remain of might have prejudiced an immediate political solution of the Korean conflict deriving from these negotiations. Although it is evident that Communist China strongly supports general Soviet strategic objectives, this support might become even stronger as a result of the use of Chinese Nationalist forces in Korea. This

66. *(Continued)*

would not necessarily have precluded, however, a later political settlement. It was, therefore, important that a decision to use Nationalist troops be deferred until the probabilities of obtaining an acceptable immediate political solution were gone. However, Chinese Communist intervention on a massive scale is already a fact, and an immediate political solution deriving from present negotiations now appears to have reached a point of diminishing returns.

1. Reference par. 7. Delete entire paragraph: ~~"The USSR would probably welcome a unilateral . . . reactionary regime."~~

67. Milton W. Buffington to CSP [Lewis S. Thompson], "United States National Student Association," 17 February 1951 (Carbon copy)

17 February 1951

MEMORANDUM FOR: CSP

SUBJECT: United States National Student Association

1. Reference is made to our conversation of yesterday wherein we discussed certain aspects of a conference recently held by Mr. William I. Hilpot, and Mr. Allen Dulles concerning the National Student Association.

2. The National Student Association is financed principally through dues paid in by the student unions of the colleges and universities of this country. It does, however, appeal from time to time to various outside sources such as the Rockefeller Foundation for funds for specific international projects which it undertakes. For example, at the present time, there is pending before the Foundation a request by the National Student Association for financial assistance in the amount of $60,000 for the consolidation of projects for an International Student Information Service, and for regional university student seminars in Germany, Southeast Asia, and the Middle East.

3. The National Student Association is not receptive to accepting government subsidy, [redacted] it considers that such a course of action would run contrary to the basic principle of independent thought and action and would in a sense reduce it to the position of being a tool of the government. This attention must be borne in mind in considering any relationship which this office might have with the National Student Association as such. It seems that such relation as is maintained is an extremely delicate one, particularly with reference to the laying on of any plans involving the passing of funds.

4. There is another important factor which must be considered in connection with our relationship with the NSA, and that is the matter of personal differences currently rife in the high command. There is a schism between the president, Mr. Albert K. Lauterstein, and the vice president in charge of international affairs, Mr. Herbert Blumberg, which does not make for harmony in the working of the

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organization as a whole at the present time. Mr. Lowenstein favors a forthright stand on the part of the organization concerning Communism as a political and military menace to our security. This was manifested in a speech made by Mr. Lowenstein at the Stockholm conference called in late December by the Swedish national student union to discuss methods of international student cooperation outside of the Communist-dominated International Union of Students. Mr. Eisenberg, on the other hand, favors what purports to be a more idealistic less militant stand on the subject in deference to the principle of the National Student Association which requires it to address itself to matters of student interest and general welfare rather than to questions of international politics. Currently, Mr. Lowenstein is faced with being drafted into the Army, in view of which fact we have undertaken, covertly and through the proper channels, to get him deferred, although he is completely unaware of this fact. We consider this undertaking to be in order in view of the fact that we have considerable evidence that the National Executive Committee of the National Student Association supports Mr. Lowenstein.

5. Speaking specifically to the question raised by Dr. Elliott as to subsidizing the National Student Association as such, I do not feel that such subsidy is feasible, practicable, or desirable, in view of the facts hereinabove expressed. However, as individual projects arise which require the use of the aegis of the National Student Association, and where conditions are such that the use of this aegis can be obtained through the penetration which we have made into the National Student Association ([redacted]), then we stand prepared to subsidize such individual projects by careful use of such means as will not offend or arouse the suspicion of the National Student Association that the government is at all interested. An illustration of this type of activity is found in the project currently being prepared jointly by this office and the Far East Division to convene a regional students seminar in Southeast Asia during this coming summer.

6. As matters stand, it is my recommendation that we continue to operate as hereinabove expressed.

BILTON W. BUFFINGTON

cc:
SP/IO (2)
IL/RE (2)

2

SP/[illegible]/db

68. Lyman B. Kirkpatrick, Memorandum for the Deputy Director of Central Intelligence [William H. Jackson], "Problems of OSO," 8 June 1951 (Carbon copy; attachment not included)

~~SECRET~~

8 June 1951

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT : Problems of O/SO

1. O/SO more than any other part of the agency still is plagued with personnel problems. I believe that their promotion policy may still be archaic; that they try to hire people at much too low salaries; and are very slow in moving good people up fast.

2. The development of deep cover has been sadly neglected in O/SO. It would seem absolutely essential that some important staff unit concentrate primarily on this problem.

3. It would appear from outside observers that O/SO often forgets its mission in favor of bureaucratic controls. I have noted a far greater tendency on the part of O/SO operators to be worried about somebody discovering one of their sources and to give very little consideration to trying to build up a worldwide espionage network.

4. The real heart of O/SO, as is the case in any operating office, is the operating Divisions. Unfortunately there has been a tendency to subordinate the operating divisions to the staff and to allow the staffs to become big and unwieldly.

5. The problem of operational research, with particular reference to International Communism, is a serious one. Your suggestion to put an operational research staff under the Deputy Director for Plans to work with all covert offices may be the answer to this.

6. The problems which have been jeopardizing the relations of O/SO and O/NE are best outlined in the attached memorandum from Clark.

This document is part of an integrated file. If separated from the file it must be subjected to individual systematic review.

LYMAN B. KIRKPATRICK
Executive Assistant to the Director

Attachment

~~SECRET~~

HISTORICAL DOCUMENT
Destroy only with consent of the Historical Staff
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Date: [illegible]

69. J. S. Earman, Memorandum for Rear Admiral Robert L. Dennison, "King Abdullah's Assassination," 20 July 1951 (Carbon copy)

ER 1-9764

20 July 1951

MEMORANDUM FOR: REAR ADMIRAL ROBERT L. DENNISON
NAVAL AIDE TO THE PRESIDENT
THE WHITE HOUSE

SUBJECT: King Abdullah's Assassination

Attached hereto is the CIA comment on the subject assassination.

[redacted]
J. S. EARMAN
Assistant to the Director

Enclosure - 1

O/DCI:JSEarman/dr

Distribution:
Orig & 1 - Addressee
2 - Signer ✓

[redacted]

FILE: WHITE HOUSE

Affiliate ✓

69. *(Continued)*

~~CONFIDENTIAL~~

20 July 1951

Comment on King Abdullah's Assassination

On 20 July King Abdullah of Jordan was assassinated while entering the al Aqsa Mosque in the Old City of Jerusalem. The assassin, reportedly a terrorist who had contacts with the former Grand Mufti of Jerusalem, was killed on the spot. A state of emergency has been declared in Jordan; and Prince Naif, second son of the King, has been named temporary Regent.

Sixty-nine year old King Abdullah had been the ruler of Jordan since the state was created by the British following World War I. He has been considered the most consistently and publicly pro-British ruler in the Near East. Abdullah's eldest son Talal, the heir apparent, is currently undergoing treatment in a mental institution in Switzerland. Under the terms of the constitution Talal's mental condition precludes his becoming monarch, and his fifteen year old son Hussein accordingly is the legal successor.

Abdullah's apparent willingness to try to achieve a treaty with Israel and his sporadic attempts, in conjunction with his nephew the Regent of Iraq, to establish a Greater Syria, consisting of Iraq, Jordan and Syria, made him many enemies in the neighboring Arab states as well as within Jordan. The former Grand Mufti, currently in Lebanon, is strongly anti-British and an outspoken enemy of King Abdullah. The Mufti attempted to set up an independent Arab Government in Palestine after the creation of Israel. Arab Palestine was subsequently incorporated into Jordan. Rizq al-Solh, the ex-Syrian Minister of Lebanon who was assassinated in Amman on 16 July, was a contributor to the former Mufti's funds.

The death of Abdullah removes a reputable anti-Communist, pro-Western ruler. The end of Abdullah's influence will most immediately and directly affect the British, who rely on the British-trained, and officered, and financed Arab Legion (the army of Jordan) as the only competent and dependable Arab army in the Near East. The confusion and possible disorders which may result can only benefit the anti-Western elements in the Near East.

~~CONFIDENTIAL~~

69. *(Continued)*

CONFIDENTIAL

21 July 1951

Comment on King Abdullah's Assassination

On 20 July King Abdullah of Jordan was assassinated while entering the al Aqsa Mosque in the Old City of Jerusalem. The assassin, reportedly a terrorist who had contacts with the former Grand Mufti of Jerusalem, was killed on the spot. A state of emergency has been declared in Jordan; and Prince Naif, second son of the King, has been named temporary Regent.

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Abdullah's apparent willingness to try to achieve a treaty with Israel and his sporadic attempts, in conjunction with his nephew the Regent of Iraq, to establish a Greater Syria, consisting of Iraq, Jordan, and Syria, made him many enemies in the neighboring Arab states as well as within Jordan. The former Grand Mufti, currently in Lebanon, is strongly anti-British and an outspoken enemy of King Abdullah. The Mufti attempted to set up an independent Arab government in Palestine after the creation of Israel. Arab Palestine was subsequently incorporated into Jordan. Riad al-Solh, the ex-Prime Minister of Lebanon who was assassinated in Amman on 16 July, was a contributor to the former Mufti's funds.

The death of Abdullah removes a resolute anti-Communist, pro-Western ruler. The end of Abdullah's influence will most immediately and directly affect the British, who rely on the British-trained, officered, and financed Arab Legion (the army of Jordan) as the only competent and dependable Arab army in the Near East. The confusion and possible disunion which may result can only benefit the anti-Western elements in the Near East.

Prepared by OCI — 1300

CONFIDENTIAL

78. Special Estimate 9, "Probable Immediate Developments in the Far East Following a Failure in the Cease-Fire Negotiations in Korea," 6 August 1951

[redacted]

COPY NO. [redacted] 69
ASSISTANT DIRECTOR, OSE

SPECIAL ESTIMATE

PROBABLE IMMEDIATE DEVELOPMENTS IN THE FAR EAST FOLLOWING A FAILURE IN THE CEASE-FIRE NEGOTIATIONS IN KOREA

SE-9
Published 6 August 1951

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CENTRAL INTELLIGENCE AGENCY

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70. *(Continued)*

WARNING

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70. *(Continued)*

TOP SECRET

SPECIAL ESTIMATE

PROBABLE IMMEDIATE DEVELOPMENTS IN THE FAR EAST FOLLOWING A FAILURE IN THE CEASE-FIRE NEGOTIATIONS IN KOREA

Number 9

The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff participated in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate on 3 August.

TOP SECRET

[redacted]

ANNEX A

The following tables show a break-down of aggregate air strength available to the Chinese Communists by aircraft types, subordination and disposition:

Table 1

Chinese Communist Aircraft Strength by Type and Subordination

	CCAF	NKAF	Undetermined Subordination	Total
Jet Fighters	-	-	400	400
Piston Fighters	120	80	-	200
Ground Attack	100	20	50	170
Light Bombers	80	-	50	130
Transports	100	-	-	100
	400	100	500	1,000

Table 2

Chinese Communist Aircraft Strength by Type and Disposition

	Jet Fighters	Piston Fighters	Ground Attack	Light Bombers	Trans-ports	Total
Manchuria	325	40	130	90	15	600
China Proper	75	80	20	40	85	300
NKAF in Manchuria	-	80	20	-	-	100
	400	200	170	130	100	1,000

[redacted]

[redacted]

ANNEX B

CAPABILITIES OF THE CHINESE NATIONALIST FORCES

1. The Chinese Nationalist Armed Forces have very limited capabilities at the present time. Weaknesses in leadership, organization and logistical support curtail their defensive capabilities and seriously limit their offensive capabilities.

2. Present training, strength, and equipment are probably sufficient to permit a successful defense of Taiwan against a limited attack, but shortages of modern aircraft, POL, spare parts, ammunition, transport, artillery, and supplies of all classes, and lack of replacement personnel, make it impossible for the Chinese Nationalist forces alone to defend successfully against a prolonged and determined all-out assault by Chinese Communist forces equipped for amphibious warfare.

3. The completion of present organization plans and the receipt of American aid should greatly increase the combat effectiveness and defensive capabilities of the Nationalists. It is estimated that the Nationalist forces could possibly become combat effective in a minimum of 6 to 8 months after full implementation of the United States aid program. However, the Nationalists could not even then mount a successful invasion of the mainland and exploit a possible initial beachhead without continued United States air, naval, and logistical support. The Nationalists do not have the necessary additional manpower to exploit successfully a breakthrough from the beachhead, but it might be obtained from guerrillas and potential defectors from the Chinese Communist Forces.

[redacted]

70. *(Continued)*

[redacted]

PROBABLE IMMEDIATE DEVELOPMENTS IN THE FAR EAST FOLLOWING A FAILURE IN THE CEASE-FIRE NEGOTIATIONS IN KOREA

THE PROBLEM

To assess present Communist capabilities in the Far East and probable immediate Communist courses of action in this area in the event of a breakdown of cease-fire negotiations in Korea.

ESTIMATE

PROBABLE COMMUNIST MILITARY COURSES OF ACTION IN THE FAR EAST

1. If cease-fire negotiations should break down, we believe that Communist forces in Korea will continue large-scale military operations in the area and may undertake offensive actions against UN troops at an early date. The Chinese Communists have improved their over-all capabilities since the termination of the April-May offensive. The Communists probably would be able to employ at least as many troops as they employed in that offensive. These troops would have the advantage of a considerable logistic build-up and, according to recent indications, they are likely to have more artillery and tank support than they had for recent offensives. Communist combat air capabilities have been significantly increased during the past month, and now constitute an increasingly serious threat to UN forces in Korea.*

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* It is the view of DI/USAF, that the following consideration is applicable at this point:
"However, it does not necessarily follow that the build-up of forces in North Korea is for the purpose of launching an offensive in the event that the cease-fire negotiations fail. The build-up could be for the purpose of strengthening Communist bargaining power during cease-fire negotiations or even to conduct a limited objective offensive during the negotiations so as to move the battle line south of the 38th Parallel and settle in fact one of the issues of the negotiations."

[redacted]

70. *(Continued)*

[redacted]

Although Communist ground offensive operations against UN forces, at least in the early stages of renewed hostilities, are likely to be of substantially the same scale and nature as they were last spring, defensive air operations could be materially expanded and offensive operations on a sizeable scale could be initiated.

2. We do not believe that operations of the scale and nature described above could destroy UN forces or drive them from Korea. Furthermore, we do not believe that if the Chinese Communists should employ their current maximum air capability in support of a ground offensive, they would be able to sustain these air operations long enough to gain air superiority over Korea and to enable Communist ground forces to destroy or expel UN troops. However, this air offensive would subject UN forces to greater personnel and materiel losses than heretofore inflicted in the Korean war.*

3. We believe, therefore, that in the event of a breakdown of cease-fire discussions and the continuance of large scale military operations in Korea, the Communists will have to choose between two possible major courses of action: (a) to accept the continuation of a conflict of substantially the scale and nature that preceded the cease-fire negotiations; or (b) to take more drastic measures to destroy or expel UN forces. There is a third less likely course of action in that the Communists could effect a defensive action with reduced strength. Whichever course of action is undertaken, the Communists will maintain military pressure in Korea, while probably trying to keep the door open for political negotiations at any time when the global interests of the USSR would make a diplomatic settlement of the Korean conflict advantageous.

4. If UN/US forces are to be defeated, the Communist forces in Korea must have strong air support and must be provided by the USSR with heavy ground equipment to overcome their current deficiencies.

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* It is the view of the Assistant Chief of Staff, G-2, Intelligence, that the last sentence of paragraph 2 should be deleted.

[redacted]

70. *(Continued)*

[redacted]

There have been numerous reports that Communist forces in Manchuria have been supplied and trained with Soviet equipment. If these forces exist they could be utilized in Korea. In any event, personnel for the operation of Soviet equipment could be obtained by training Communist forces presently in Korea, by introducing "volunteers" from Soviet-Satellite sources, or by introducing organized Soviet units. Unless the USSR has, in fact, trained and equipped large Communist forces in Manchuria, we do not believe that the Chinese Communists can defeat the UN/US forces in Korea in the immediate future merely with the additional support of advisory, logistical and technical assistance and rear area participation from the USSR. If Soviet ground and air personnel were to be employed in sufficient strength to add decisively to Chinese Communist capabilities, such personnel would almost certainly come in direct contact with US forces, thereby creating a state of de facto war between the US and the USSR in Korea. We do not believe the Soviet Union is willing to accept the risk of such a de facto war, which might expand into general war, merely to insure an early defeat or expulsion of UN/US forces.

5. It is more likely that the Kremlin will attempt to prevent an extension of the area of conflict and, in recognition of internal strains in Communist China, will endeavor to provide enough logistical and technical assistance to insure maintenance of Chinese Communist will and ability to continue military operations in Korea. The Kremlin may estimate that thereby it could oblige the UN/US to maintain very substantial forces in Korea indefinitely, at great cost and with continuing strain on the political and military relations of the participating UN nations.*

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* The DI/USAF would add the following consideration at this point: "However, it is possible that the Chinese Communists would reject such a plan and demand decisive help from the USSR or decline to maintain more than a holding force in Korea. Such a course of action would give them a greater freedom for operations elsewhere."

[redacted]

[redacted]

6. If, however, the Communist forces in Korea were threatened with decisive defeat, the Kremlin would probably intensify its aid. This aid might well include the introduction of "volunteer" forces. It might even include the employment of Soviet forces to such an extent that a de facto local war between the US/UN and the USSR would exist.

7. If UN/US forces took the initiative in expanding the area of the conflict, Communist reaction would depend on the scale and nature of UN/US military operations:

(a) "Hot Pursuit"
If UN/US aircraft in "hot pursuit" of Communist aircraft crossed the Manchurian border, we believe that the Communist reaction -- aside from the local opposition by enemy interceptor aircraft and AA -- would be restricted to diplomatic protests and to intensified propaganda in the UN and elsewhere claiming that the US was engaging in action designed to expand the war.

(b) Bombing Attacks on Military Installations in Manchuria
If UN/US forces engaged in air operations against military installations and lines of communication in Manchuria, other than in furtherance of the 'hot pursuit" principle, we believe that the USSR would commit air force and antiaircraft units in the defense of Manchuria despite the realization that such commitment would increase the risk of general war. The Kremlin probably would attempt to cloak these units as Chinese and/or "volunteer" forces.

(c) Naval Blockade
If the UN/US imposed a naval blockade on Communist China to enforce a UN imposed economic blockade, the USSR probably would attempt to step up the overland flow of supplies and attempt to reduce the effects of the blockade by water shipment through Port Arthur and Dairen. We do not believe that the USSR would openly attempt to break the blockade by force,

[redacted]

but would probably escort its own ships to Dairen and Port Arthur, and might well resort to covert use of submarines and mines against blockading ships.

(d) Use of Nationalist Forces
Effective Chinese Nationalist forces are not currently available in significant numbers for employment outside present Nationalist-held territory, and it is estimated that it will be from six months to one year before such forces could be available. While Chinese Nationalist raiding forces could attack the Chinese mainland, the Chinese Communists can contain such attacks with the military forces presently deployed in east China. Since the Chinese Nationalists could not threaten the stability of the Chinese Communist regime (See Annex B), there would be no need for the USSR to intervene.

(e) Bombing Communist China
If the UN/US were to launch a systematic strategic air and naval bombardment of Communist China, Peiping would call on the USSR for increased assistance. So long as this bombardment did not jeopardize Communist control over Manchuria and North China, the Kremlin would probably restrict its assistance to the provision of air defense units.

8. If UN/US courses of action described above should endanger Communist control over North China and Manchuria, the Kremlin would probably intensify its aid. This aid might well include the introduction of "volunteer" forces. It might even include the employment of Soviet forces to such an extent that a de facto local war between the US/UN and the USSR would exist.

9. Unless the Kremlin decided to precipitate general hostilities, an intensification of military operations in Korea subsequent to a breakdown of cease-fire negotiations probably would reduce the prospect of any additional large-scale Communist military operations in the Far East.

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INDICATIONS OF CURRENT COMMUNIST INTENTIONS

10. There have been many indications of Communist preparations for a new offensive, including troop movements, logistic build-up and reinforcements. Efforts to build and maintain airfields in North Korea continue, and the gradual southward extension of enemy air activities indicates an enemy intention to extend air defense progressively over all Communist-controlled Korea. There are no reliable indications, however, of enemy intent to commit the entire air force available to the Chinese Communists. Soviet assistance in the form of technical advisors, antiaircraft crews, and logistic support to Communist forces in Korea and Manchuria probably is increasing, but there is no reliable evidence that this assistance will be on such a scale as to increase substantially Communist capabilities in Korea in the near future. However, there are indications that tanks and artillery are moving into Korea. Furthermore, reports of Soviet assistance in the organization of a modern Chinese Communist army in Manchuria continue. These reports may be authentic, and, in fact, considerable progress may have been made in the development of such forces. There have also been unconfirmed reports of Soviet troop concentrations in Manchuria, including locations along the Korean border, but there are no reliable indications of Soviet preparation to move troops into Korea in the near future. Despite many reports concerning an "International Volunteer Army," there is no firm evidence that such a force actually exists.

11. There are no reliable indications of early Chinese Communist military action in other areas of the Far East beyond the scope of present efforts, although numerous reports state variously that invasions of Japan, Taiwan, and Indochina are planned within the next few months. There has been unusual agreement among otherwise unconfirmed reports from Indochina, Southeast China, Peiping, Japan, and Korea in alleging that Communist units, facilities, or personnel in these areas have been ordered to be in a state of readiness by late summer. The content and emphasis of Communist propaganda during the cease-fire talks indicate an intention to maintain and reinforce the psychological preparation of the Chinese and North Korean peoples for a possible resumption of hostilities. This theme, plus frequent reference to the remaining necessity of liberating Taiwan and of preventing the

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"remilitarisation" of Japan through a "separate" peace treaty, might indicate an intention to prepare these peoples for expanded military operations either in the Korean area or elsewhere in the Far East. Communist propaganda gives no indication of the formation or commitment of an "International Volunteer Army" in Korea, nor does Communist propaganda indicate any Soviet intention to participate in the Korean fighting on a large scale or in military operations elsewhere in the Far East.

COMMUNIST CAPABILITIES IN KOREA

12. Chinese Communist and North Korean Strength. The Communists have recouped their military capabilities in Korea since the costly abortive offensive in late May. They have brought up troop replacements, additional supplies, and equipment including tanks and artillery, and they are now capable of launching a limited ground offensive at any time with little or no advance warning. Such a ground operation might be supported by offensive air attacks against UN air, ground, and naval forces if the Communists committed the air units presently available in the Manchuria-Korea area.

13. The current estimate of Communist troop strength in Korea, 492,000, represents only a slight increase over the estimate of late June, but reports suggest that a maximum of 300,000 additional Chinese Communist troops may be en route to or are now in North Korea. If these additional troops have entered or were to enter the Korean area, total Communist strength in the area would be somewhat greater than the previous peak strength at the beginning of the Communist April offensive. On the other hand, reports indicate that Chinese Communist combat effectiveness has been reduced by the practice of bringing battle-torn units up to strength by individual replacements rather than by introducing fresh experienced regular units. The North Korean Army has made a significant recovery in strength, fire power, and battle efficiency since last March, but it still is hampered by food and equipment shortages, disease, and the declining quality of the remaining North Korean manpower pool. The generally lower quality of Communist troops in Korea may be more than offset, however, by the reported movement in recent weeks of considerable numbers of tanks and artillery pieces towards the front.

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14. Although the estimate of Chinese Communist air strength has not changed since 1 June 1951, intensified training, combat experience in both day and night operations, airfield development, and improved aircraft performance have contributed to a general increase in Communist air capabilities. The Chinese Communists have available approximately 1,000 aircraft, including about 100 aircraft of the North Korean Air Force (NKAF) and approximately 500 aircraft (400 of which are jet fighters) of undetermined subordination. (See Annex A.) These jet aircraft constitute the most significant element of Communist air power, and they are appearing in increased numbers near the battle area. They are principally of the MIG-15 type. The MIG-15 has performance characteristics at least comparable to the F-86, the best jet fighter available to the UN forces. Some of these MIG-15's have recently appeared in Korea with large-size wing tanks which increases their estimated radius of action to approximately 400 nautical miles, sufficient to permit these aircraft to reach from Manchurian bases over a large part of Korea and adjacent waters.

15. Limited airfield development has continued in North Korea despite intense and sustained UN aerial bombardment. The majority of North Korean airfields are suitable only for piston-engined planes, but some of them could possibly be used for limited jet operations. Logistic support of North Korean airfields is seriously hampered by the UN air interdiction of enemy lines of communications, and as long as UN air superiority is maintained, enemy offensive and defensive operations from these fields will be severely restricted. However, there are sufficient airfields in Manchuria from which the Communists could attempt to launch air attacks on UN forces.

16. The Chinese Communists are estimated to have the following air capabilities:

(a) Continuance of attempted air defense of the Yalu River line.

(b) Expansion of defensive air operations to cover all of Communist-controlled Korea. Exercise of this capability

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would divert increasing numbers of UN aircraft from missions of close support and interdiction to the mission of maintaining air superiority.

(c) Initiation of offensive air operations against UN air, ground, and naval forces on the Korean peninsula and adjacent waters. Exploitation of this capability might:

(i) Disrupt UN air operations and logistic support of UN ground forces by airborne attacks on UN air bases, lines of communications, and supply bases.

(ii) Divert UN air effort from direct support of ground action and interdiction of lines of communications.

(iii) Hamper the freedom of movement of UN ground forces.

(iv) Hinder UN airlift operations.

(v) Harass UN naval operations and the present freedom of UN sea communications.

17. Soviet Assistance. Soviet assistance to Communist forces in Korea to date has consisted of advisory, technical, and logistical support and limited participation of antiaircraft personnel and possibly other specialized Soviet combat troops. Virtually all heavy combat equipment for the North Korean Army has been furnished by the USSR. In addition, most of the electronic and antiaircraft equipment for both North Koreans and Chinese Communists, POL supplies, and some vehicles and ammunition, have been supplied by the USSR. The USSR has the capability to increase considerably the level of its present type of assistance to the Chinese Communist and North Korean forces. UN attacks on lines of communications will continue to hamper the delivery of supplies to the front, however, and Chinese Communist forces thus far engaged in Korea appear to have lacked the skilled personnel required to operate modern heavy arms and equipment. The Soviets have supplied all the jet aircraft and most of the piston-engined aircraft in the Chinese Communist and North Korean air forces. They have also

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provided logistic support for these air forces. In addition, they are providing technical assistance and advisory personnel and are reported to be training large numbers of Chinese pilots in the USSR and Manchuria.

(a) "International Volunteer Forces"
While unconfirmed reports continue to be received concerning the existence of formation of "International Volunteer Forces," the existence of such forces, though possible, is not accepted.

(b) Communist Forces in Manchuria
Large numbers of Chinese Communist and North Korean troops are stationed in Manchuria. While persistent reports have been received that the Soviets were equipping these forces with Soviet equipment and training them in Soviet techniques, there is no reliable basis for estimating the size or status of such forces.

(c) Soviet Ground Forces.
The strength of the Soviet Army in the Far East is estimated to be 35 divisions. Of this total, a force of 13 to 15 divisions probably could be made available and committed to combat in Korea within 30 to 60 days after a decision had been made to employ it. The commitment of such a force with presently available air support would give the combined Communist forces the capability of forcing a UN withdrawal from Korea.

(d) Soviet Air Forces
(1) Strength. The Soviet Far Eastern Air Forces have an estimated Table of Organization and Equipment strength of 5,300 combat aircraft, primarily of World War II types. The actual strength is estimated to be about 85 percent of the TO and E strength but it is believed that these units could be brought up to full strength immediately after M-Day. Over and above those jet fighters estimated to be available to Communist China, there is but little evidence of additional jet fighters in the Far East. However, jets may have been introduced without detection by intelligence. In any event, the

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Soviets have the capability of deploying jet units to the Far East in a relatively short time.

(ii) Airfields. There are 131 airfields in the Sino-Soviet Far East within 500 miles of the 38th Parallel in Korea or the Japanese Islands of Honshu and Kyushu. The Soviets could probably deploy their entire Far Eastern air strength on these 131 fields.

(iii) Logistic Support. The Soviets probably have been stockpiling POL products, including jet fuel, in substantial quantities in the Far East. Providing no effective UN action were taken to disrupt Communist supply lines outside Korea, it is believed that Communist China and the USSR could support logistically a major air effort in the Korean theater. If the Soviet Far Eastern air forces were deployed to bases adjacent to Korea, night bombing attacks could be carried out anywhere in Korea or against Japan, and saturation-type day bomber operations could be launched throughout most of Korea. If Soviet medium bombers (TU-4's) were employed, they would considerably increase enemy air capabilities and expose UN military installations in South Korea and Japan to the danger of atomic attack. No TU-4's are currently known to be based in the Far East.

(c) Soviet Naval Forces. Soviet Far Eastern Naval Forces consist of the Fifth Fleet with headquarters at Vladivostok and the Seventh Fleet with headquarters at Sovetskaya Gavan. The surface forces of these fleets consist of two heavy cruisers, nineteen destroyers, fifteen coastal destroyers, and 345 miscellaneous vessels including mine sweepers, subchasers, mine layers, landing craft, and motor torpedo boats. The submarine fleet has a strength of 85 submarines including 18 ocean patrol types, 39 medium-range types and 28 coastal types.

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COMMUNIST CAPABILITIES IN THE FAR EAST ELSEWHERE THAN IN KOREA

18. The Chinese Communists have the capability of undertaking military operations in the Far East elsewhere than in Korea and could initiate such operations as an alternative or, in some areas, as an addition to a renewed offensive in Korea.

(a) Taiwan. The Communists have been building up their capabilities for an assault on Taiwan. Thus far, however, the heavy Communist military commitment in Korea, together with the assignment of the US Seventh Fleet to assist in maintaining the security of Taiwan, probably have been decisive factors in the Chinese Communist decision to postpone any attempt to invade the island.

(b) Hong Kong. Regardless of the outcome of the cease-fire negotiations, the Chinese Communists will continue to have the capability of launching an attack on Hong Kong without further preparations and little, if any, advance warning.

(c) Southeast Asia. The Chinese Communists probably could make available approximately 50,000 men for extended operations in Burma (NIE-36). In Indochina, the Chinese Communists probably could support approximately 100,000 men (NIE-35) for a series of limited offensives of short duration. However, so long as they are committed in Korea, the Chinese Communists probably would not be able to support logistically both such operations concurrently.

(d) Japan. Direct and large-scale Soviet participation would be necessary for Communist attacks against Japan.

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71. Special Estimate 13, "Probable Developments in the World Situation Through Mid-1953," 24 September 1951

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SPECIAL ESTIMATE

PROBABLE DEVELOPMENTS IN THE WORLD SITUATION THROUGH MID-1953

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WARNING

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SPECIAL ESTIMATE

PROBABLE DEVELOPMENTS IN THE WORLD SITUATION THROUGH MID-1953

SE-13

Published 24 September 1951

This estimate was prepared at the request of the Senior Staff of the National Security Council as Appendix A to Parts I and II of United States Programs for National Security.

The estimate was prepared by the Central Intelligence Agency in consultation with the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff. The Intelligence Advisory Committee concured in this estimate on 20 September 1951.

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PROBABLE DEVELOPMENTS IN THE
WORLD SITUATION THROUGH MID-1953

I. PROBABLE DEVELOPMENTS IN SOVIET CAPABILITIES AND INTENTIONS 1/

A. Probable Growth in Soviet and Satellite Capabilities.

1. The Soviet sphere will probably continue to increase its military, economic, and political strength over the next two years. Its absolute strength will be considerably greater in over-all terms by mid-1953 than at present.

2. General Military Capabilities. The military strength-in-being of the Soviet orbit should further increase over the next few years. Of greatest significance are a probable improvement in Soviet capabilities for atomic attack and for defense against such attack, the further development of Chinese Communist military strength, and continued growth of European Satellite military power.

a. Substantial modernization programs are continuing in all three Soviet services and Soviet forces should remain at a high state of war readiness. No sizable increase is expected in the Soviet army, which now totals some 2,500,000 men, including 175 line divisions, and can probably mobilize an additional 145 divisions by M + 30 days. While the over-all numerical strength of the Soviet air force is expected to remain substantially the same, Soviet air power will become increasingly effective through continued conversion to jet fighters and bombers, improved

1/ Except in general terms, the position of Communist China is discussed in Section III.

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training standards, operational use of heavy bombers, and acquisition of additional electronic equipment. Moreover, the USSR is increasing its strength in Eastern Europe and the Far East to maintain its relative advantage over Western strength.

b. Atomic Capabilities. 1/ While Soviet atomic capabilities will remain inferior to those of the US, the USSR may have as many as 100 bombs by mid-1952, and as many as 200 by mid-1953. Some of these bombs might have an energy yield as high as 100 kilotons. At present the Soviet air force has an estimated T/O and E strength of about 600 to 700 TU-4 medium bombers capable of one-way missions, carrying atomic bombs, to practically all important targets in the US. Although there is no

1/ Special attention is called to the fact that estimates of the Soviet atomic stockpile are tentative and uncertain because:

(a) The number and/or size of the production facilities postulated as a basis for this estimate may be incorrect. The minimum program, which is not inconsistent with the information available, would provide a stockpile of about one-half the number of weapons indicated. On the other hand, from the information available at the present time, the possibility that additional or expanded production facilities will be constructed during the period under consideration cannot be precluded.

(b) The type of weapon postulated for calculating the stockpile figures may be incorrect. It is possible by changing the weapon design to substantially increase or decrease the number of weapons in the stockpile, given a certain quantity of fissionable material. Such changes, however, alter the kilotonnage of the individual weapons accordingly.

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evidence that the USSR has developed aerial refueling techniques, with such techniques these aircraft may be capable of two-way missions to most important US targets. By mid-1952 the USSR may have approximately 1,000 TU-4's and by mid-1953 about 1,200. By mid-1953 the USSR also may have approximately 100 long-range bombers capable of round trip missions against nearly all vital targets in the US. It probably will have by this time substantial numbers of twin-jet high performance bombers capable of atomic attack on Western Europe and US overseas bases, and possibly a jet bomber capable of attacking the US. By mid-1953 the USSR should also have sufficient stockpiles of nerve gas for sustained, extensive employment.

c. Soviet air defenses probably will be substantially improved by mid-1953. A good all-weather interceptor aircraft with adequate airborne intercept radar should be available in limited to moderate quantities by that time, and difficulties with ground control intercept radars should be largely overcome. Moreover, improved antiaircraft defenses with modern radar equipment must be expected.

d. The USSR will probably considerably improve its submarine warfare capabilities by mid-1953 in view of the known Soviet modernization and construction program. At present the USSR has an estimated 361 submarines. More than half are ocean patrol and medium-range submarines of considerable endurance, and of these over 100 have the capability of patrolling in US coastal waters. Their operations would include torpedo attacks against shipping and mining of ports.

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e. The Eastern European Satellite armies (including the East German) are expected to increase from a present 65 divisions to 117 by the fall of 1953, when Soviet re-equipment programs are expected to be completed. By that time these forces, despite some qualitative deficiencies, should be capable of independent operations with Soviet logistical backing or joint offensive operations with the Red Army. The East German Alert Police of 52,000 is capable of rapid expansion, with Soviet help, to 24 Soviet type rifle divisions. However, a force of only eight divisions is apparently contemplated at present due to the limitations imposed by the manpower demands of the East German economy. Unless the Korean war is prolonged, intensified, or broadened the Chinese Communist forces should also be materially strengthened with Soviet aid and technical support.

3. Capabilities for particular operations. The Soviet bloc will probably by mid-1953 still be able to carry out almost all of the offensive operations of which they are presently considered capable, except in the unlikely event that the effectiveness of new weapons developed, produced and actually deployed by the West should offset the present preponderance of Soviet military strength on the Eurasian continent.

a. The USSR should still be able to overrun Western Europe and the Near East by mid-1953, although growing NATO strength will increase Western defense capabilities and lengthen correspondingly the time required for Soviet operations.

b. The USSR is already capable of an atomic attack on the continental US. Although US air defenses will be substantially improved by mid-1953, Soviet capabilities for attack on the US may be even more significantly increased, and the US will still be seriously vulnerable to such an attack.

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4. Political and Psychological Warfare Capabilities. The Communists will continue to have extensive propaganda, subversive, and obstructive capabilities, both overt and covert, in Western Europe over the next two years. Moreover, Soviet and Chinese Communist capabilities in the Far East will probably considerably increase.

5. Economic Strength of the Soviet Bloc. The over-all economic strength of the Soviet orbit will remain far inferior to that of the Western Powers over the next few years, and little change is likely by 1953 in relative productive capacities. For example, US, Canadian, and Western European raw steel output should continue to be four times as great as that of the Soviet bloc, rising to roughly 175,000,000 tons in 1953 as compared to an estimated 43,000,000 tons for the Soviet bloc. However, the Western Powers will continue to be less able than the USSR to bring their over-all resources to bear on maximizing economic readiness for war. The Soviet economy is already at a high state of war-readiness and its productive capacity is at such a level and of such a character as to enable the USSR to maintain a major war effort. Although the expansion of the NATO mobilization base will substantially narrow the gap between Western and Soviet economic war-readiness by mid-1953, the USSR will still maintain a substantial lead. Continued large-scale arms production and stockpiling during the next two years will further increase Soviet economic war-readiness and extend the period over which the USSR could expect to conduct large-scale offensive operations. Increased industrialization in the European Satellites and their further integration into the Soviet economy will also contribute to Soviet war potential.

6. However, certain sectors of the Soviet economy are highly vulnerable to air attack and will probably remain so for the period of this estimate despite Soviet efforts to improve their air defenses, continued dispersion of facilities and a more complete system of reserve stocks. Moreover, certain economic

weaknesses will still persist within the Soviet bloc, particularly a shortage of merchant shipping and deficiencies in such items as oil, crude rubber, certain machine tools and precision instruments, some non-ferrous metals and alloys, and some electrical equipment. Western trade controls already have some impact, and to the extent that these controls are tightened such deficiencies will become more important. However, apart from the effects of US bombing, it is unlikely, in view of the Soviet stockpiling program and the probable development of substitutes, that these deficiencies will seriously affect Soviet capabilities for a long war. Although inferior by US standards, the Soviet land transport net is probably also adequate for a major war.

7. Internal Stability of the Soviet Sphere. Despite continuing tensions within the Soviet bloc, Communist control seems assured for the period of this estimate. The only appreciable likelihood of serious internal strains would be in Communist China if it remained embroiled in hostilities in the Far East (see Section III.) While chronic difficulties will persist in the Sovietization of the European Satellites, they should be brought under even firmer Soviet control. Domestic dissatisfaction with the deprivations created by the forced pace of industrialization, agrarian collectivization, and rearmament will be a constant in the Soviet orbit, but no serious threat to the USSR.

B. Probable Soviet Policies through Mid-1953.

8. Soviet Objectives. It can be assumed that over-all Soviet objectives will remain the same as outlined in NSC 114. The primary short-term aim of Soviet policy will continue to be the obstruction of further growth in Western strength and unity. The USSR must be increasingly concerned with the pace of Western countermeasures, which it doubtless views as an ever more serious threat not only to the early accomplishment of its over-all objectives but eventually to the security of the Soviet orbit itself. In particular, the USSR must fear growing US military power and its projection into a series of overseas bases

encircling the Soviet bloc. It must also be seriously disturbed over the approaching rearmament of Western Germany and Japan, both with potential revisionist aims vis-a-vis the Soviet bloc. The USSR's acute sensitivity to these developments is amply evident from recent Soviet cold war moves. While the USSR may still see sufficient opportunities to justify a continuation of its present aggressive cold war policies, mounting Soviet concern as Western countermeasures develop further may lead to a change in tactics by the USSR. With the rising curve of Western strength, the possibility of such a change will become progressively more acute.

9. Continued Aggressive Political Warfare. For the time being, however, it appears likely that the USSR will continue its present aggressive policy of political and psychological warfare. Despite the increased strength of anti-Communist forces, the USSR and Communist China probably see various revolutionary and subversive opportunities still open to them, particularly in Asia. They may be expected to continue their penetration of adjacent areas, promoting Communist coups wherever the situation seems favorable. The Communist forces will also attempt through local strikes, propaganda, and other means to obstruct Western rearmament and undermine the stability of free nations.

10. The USSR doubtless also sees possibilities of creating rifts between the non-Soviet countries, given the present acute stage of world tensions, and will make every effort to divide the Western Powers. Further Soviet initiatives to forestall the rearmament and pro-Western orientation of Germany and Japan are almost certain. Against a background of continued threats, the USSR will almost certainly intensify its propaganda and diplomatic "peace offensive" to convince the world that the "aggressive" course of the US and its allies is leading to a new war, thus playing on Western fears and attempting to weaken popular support of Western countermeasures.

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11. While continuing its efforts to undermine Western Europe, the USSR will continue to devote much attention to Asia. The USSR and Communist China undoubtedly consider that favorable revolutionary and subversive opportunities exist in the Near and Far East, where the decline of Western influence and control has created serious instability. The Kremlin might hope that through stimulating local strife and civil war in such areas, it could either expand its own sphere of control and deprive the West of important resources or dissipate Western strength in costly and inconclusive military and economic countermeasures.

12. Further Soviet or Chinese Communist local aggression, particularly in Asia, is also possible during the next two years. Chinese Communist invasion of Indochina or Burma and Satellite invasion of Yugoslavia are serious possibilities (see Section III). To the extent that the Kremlin considers it necessary to eradicate the Tito heresy before Tito or the West become too strong, the USSR may feel compelled to act soon. If critical situations arise in other areas, such as Iran, which offer inviting opportunities, possible Communist intervention cannot be discounted. However, a probable major factor in any decision for or against any such overt expansion will be the Soviet and Chinese Communist estimate of the resultant risks of general war and their willingness to accept those risks. In view of the US and UN reaction in Korea, the growing pace of Western rearmament, and the ever sharper delineation of the East-West struggle, the USSR probably now considers that further local aggression would entail serious risks of general war. Before deciding on such local aggression the USSR would certainly consider not only Western capabilities in any particular area but also over-all US capabilities against the USSR.

13. Although the USSR might under certain circumstances deliberately precipitate general war (see paragraph 15), it appears more likely that such a war, if it comes, would result from Soviet misjudgment of US action in a given situation

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or from the inability of either the USSR or the US to yield in cases where they regarded their vital interests as involved. The most immediate danger of such a development would be in event of a prolongation, intensification, or broadening of the Korean conflict. If under such conditions the Communist forces in Korea were threatened with decisive defeat, the Kremlin would probably intensify its aid. This aid might well include the introduction of "volunteer" forces. It might even include the employment of Soviet forces to such an extent that a de facto local war between the US/UN and USSR would exist. In the event of critical developments in other areas as well as in Korea, the increasing tenseness of the international situation and the growing strength of both sides, which might lead to an increased determination to defend what each considered to be its vital interests, will make the danger of general war through accident or miscalculation considerably more acute.

14. Possibility of a Major Shift in Soviet Tactics. While it appears likely that the USSR will for a time continue its aggressive cold war pressures, the further growth of Western strength and counterpressures during the coming period may produce a shift in Soviet tactics. Viewing the last three years' developments, the USSR may consider that its postwar revolutionary and expansionist opportunities, except perhaps in Asia, are steadily narrowing and that continued cold war pressures are unlikely to pay off. The Kremlin may consider that such cold war pressures are only generating relatively greater Western countermeasures, which might eventually, particularly if they include German and Japanese rearmament, produce a situation dangerous to the vital interests of the USSR itself. Therefore, if the USSR is to achieve its immediate primary objective of forestalling a decisive increase in Western strength, it may be increasingly faced with the necessity of a shift from aggressive political warfare to some other approach.

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15. Deliberate Initiation of General War. It is impossible to predict whether or at what point the rising curve of Western strength might lead the USSR to consider this trend so serious a threat as to require a resort to force before the West reaches a strength dangerous to the vital interests of the USSR. The risk of such a development will become more acute as Western defense programs progress, particularly in regard to German and Japanese rearmament and the development of US overseas bases. The USSR is increasing its already high state of war-readiness and continuing its systematic domestic propaganda campaign to prepare the Soviet and Satellite peoples psychologically for possible war. Moreover, the USSR, with its intense suspicion of Western motives, may consider present Western defensive preparations as a prelude to eventual action by the Western Powers to force a choice between war and unacceptable concessions upon the USSR.

16. The USSR presumably recognizes that its still inferior over-all war potential, together with Western atomic superiority, would make the outcome of a general war doubtful, despite initial Soviet successes. Nevertheless, this consideration cannot be accepted as necessarily controlling the USSR's decision and the period through mid-1953 will be one of acute danger of global war. If convinced that the circumstances described above dictated a military showdown with the West during this period, it is possible that the Soviet rulers would themselves precipitate such a showdown at a time and under circumstances that they considered most favorable. It is alternatively possible, however, that they would for at least a period concentrate their attention on moves designed to maximize their immediate readiness for the impending conflict. These moves would include further steps in the military and economic mobilization of the Soviet Union and the Satellites. At the same time, the Kremlin and its Satellites might undertake local aggressions aimed at improving the immediate position of the USSR. The USSR would have to weigh the prospective

gains in such local aggressions against the danger that such aggression might touch off general war at a time and under circumstances unfavorable to Soviet interests. But the Kremlin would make its assessment in this regard against the background of a belief that general hostilities were imminent in any event.

17. A Relaxation of Tensions. As an alternative to deliberate Soviet resort to early general war, if the Kremlin considered that there were compelling reasons against this course of action, the USSR might decide to make a temporary shift, at least in Europe, to new and less obviously aggressive tactics, designed to lull the West into a false sense of security and undermine growing Western strength. Considering that its present aggressive postwar policies had reached the point of diminishing returns and were engendering ever more threatening Western countermeasures, the USSR might see in this alternative method of political warfare even better opportunities of undermining the growing strength and cohesion of the West. Such a tactical shift would not necessarily imply that the USSR would suspend all its aggressive and subversive tactics; it might adopt a softer policy in Europe, for example, while continuing to expand in Asia. Moreover, a shift to such a course would be only temporary, and it is impossible to say at what point, if ever, the USSR might consider it necessary to adopt it, or how far it might be willing to go. There are strong grounds for believing that the USSR would in any case be unwilling to make the major concessions which would appear to be necessary to assure such a policy's success.

II. PROBABLE GROWTH OF NATO STRENGTH AND WILL TO FIGHT

18. Except in the event of a marked reduction in US aid, some improvement in Western European strength and morale seems likely by mid-1953, although less than that anticipated from US and NATO programs. Further progress toward achieving MTDP goals, continued expansion of Europe's economy, a more unified and efficient NATO and intra-European effort, and the probable integration of West Germany into the Atlantic Community will all contribute to this improved position. Nevertheless, certain countries will still be deficient in political initiative and popular will to sacrifice and Western Europe will remain subject to dangerous economic and social stresses. It will still be vulnerable not only to Soviet occupation but to Soviet cold war pressures through mid-1953.

19. NAT Military Strength. By mid-1953 the European NATO forces should be considerably stronger than at present if there is a continued high level of US aid. European defense budgets and military production will probably increase over the next two years and although forces in being will fall short of phased MTDP requirements, their morale, leadership and combat readiness should be markedly higher than at present. However, available European NATO forces will still be insufficient to do more than delay a full-scale Soviet attack, except in the unlikely event that the effectiveness of new weapons developed, produced, and actually deployed by the West should offset the present preponderance of Soviet military strength on the Eurasian continent.

20. Broadening of the NAT Coalition. The formal or informal association of Greece, Turkey, Spain, Yugoslavia, and Western Germany with the NAT defensive coalition, which, despite varying degrees of European reluctance, should be consummated in the coming period, will be a major increment to NATO strength. The developing integration of these countries either directly or

indirectly into the NATO structure and the strengthening of their forces should help to offset the increases in Soviet and Satellite strength. The southern flank of SHAPE should be materially strengthened, partly by a greater availability of Mediterranean bases. However, numerous political and psychological obstacles will continue to delay the optimum utilization of Yugoslav, West German, and Spanish potential and to postpone the date at which these nations can make a full contribution to European defense. It seems unlikely, for example, given the continuing obstacles to a West German contribution, that a sizable contingent of combat-ready German forces will become available before some time in 1953. Moreover, to the extent that the Western Powers do not meet German demands for full equality, German cooperation may be delayed.

21. Economic Burdens. Despite the marked degree of economic recovery during the ERP period, Western Europe's economy is being subjected to new strains by NAT rearmament needs. Inflationary pressures and raw materials shortages generated by rearmament, persistent economic nationalism, and the continuing reluctance or inability of many governments to take the necessary measures to cope with economic maladjustments will all hamper both optimum defense output and continued economic expansion. Nevertheless, the next two years should see a small rise in European production and a small and uneven increase in living standards, despite rearmament drains. Much will depend upon how far national economic policies can minimize the economic repercussions of rearmament while maximizing European defense efforts. Finally, a great deal will depend upon the extent to which not only US economic aid but US materials allocations and economic trends in the US itself permit a continued expansion of European production. Because of a worsening balance of payments situation in the UK, for example, increased US aid may be required if a satisfactory rate of British defense build-up is to be achieved.

71. *(Continued)*

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22. Political and Psychological Factors. The poor state of European morale, still deficient popular will to sacrifice, and a lack of vigorous governmental initiative, particularly in key continental countries, will continue to hamper the achievement of NATO objectives. Despite the marked degree of postwar European recovery there still persists in many continental countries a serious lack of governmental and popular confidence in Europe's ability to solve its economic and social problems, and to defend itself against external attack. Popular morale and confidence will be bolstered as NATO and other programs develop, but will long remain an uncertain factor, particularly in event of war.

23. While no seriously adverse internal political developments appear likely in any Western European countries, a marked improvement in political stability seems at best problematical. The chief areas of uncertainty are France and Italy, in both of which the position of existing governments will continue to be precarious. This in turn prevents them from dealing vigorously with military, political, and economic problems. Nevertheless, some form of coalition should be able to maintain its present controlling position in France and Italy, unless a seriously worsening economic or international situation leads to an acceleration of the trend toward polarization of the political scene. The powerful French and Italian Communist parties will probably maintain substantial strength, but their obstructive role should be somewhat reduced unless rearmament creates major economic stresses on which they can capitalize.

24. Progress of the Alliance. Supranational institutions of European unity -- specifically the European Defense Force and the Schuman plan administration -- should develop during the next two years, but there is no indication that any European state is yet prepared to form a true federation with its neighbors. Within NATO the problems of rearmament will probably dictate a further unification of effort by mid-1953, though among the treaty powers and those associated with them the problem of conflicting national objectives will continue to hamper the development of maximum strength. The continuing debate over the sharing

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of rearmament burdens, the constant threat of rearmament to social reform and welfare programs, the problem of trade with the East, the struggle for markets within and outside Europe, the part Germany is to play in the alliance -- all these will be exasperating and sometimes frustrating problems with which the West must deal. Added to all these will be the difficulties always posed by an ambivalent Europe looking to the United States for strength and power yet envious of American leadership and often doubtful of the aims and methods of American policy. Nonetheless, mid-1953 should find the alliance stronger than at present and better organized than it is now.

25. On the other hand, if the USSR could remove some of the fear of World War III and Soviet invasion, European popular willingness to shoulder the burdens of rearmament would almost certainly lessen, and there would be strong pressure on the governments to divert resources from the NATO effort to meet pressing economic and social needs.

26. In any case the US will continue to face serious problems arising from the failure of its European NATO partners to meet present rearmament goals. Even if the Western Europeans were willing and able to assume a larger share of NAT defense burdens, adequate NATO rearmament would still be impossible without large-scale US military and economic assistance. In view of the continuing uncertainties of the European situation, much will depend therefore, during the period of this estimate, on US leadership and support. A substantial reduction in US assistance over the coming period would seriously jeopardize European economic and political stability, as well as the creation of an adequate NATO defense.

III. PROBABLE DEVELOPMENTS IN THE NEAR AND FAR EAST

27. No decisive outcome of the East-West struggle in Asia seems probable during the next two years. At present it appears

71. *(Continued)*

unlikely that the US and its allies will be able to do more than maintain or perhaps slightly improve their present unsatisfactory position in the Near and Far East, while on the other hand there is acute danger of major deterioration. The East-West conflict has become increasingly acute in the Far East, and will remain acute so long as Communist China plays an expansionist role. The threat of Communist expansion in the Near East and South Asia is by no means as immediate, but in these areas as well as in the Far East, the Western position is seriously threatened by the anti-Western cast of the Asian nationalist revolution. This anti-Westernism, combined with social tensions, poverty, governmental and military weakness, and naiveté or lack of concern about Communist objectives, makes most Asian states vulnerable to Communist exploitation and complicates US efforts to bolster them internally. In the Far East in particular, the Communists have succeeded to a large extent in identifying themselves with the Asian revolution, and in encouraging its anti-Western aspects. In those areas where Communism has gained no firm foothold, Asian nationalism has expressed itself in acute suspicion of US motives and a persisting trend toward neutralism. However, the continued economic and military dependence of the free Asiatic countries upon the Western Powers provides them an inducement to align themselves with the West.

28. The USSR and Communist China will present a serious threat to US interests in the Far East through mid-1953. Unless subjected to continuing economic and military stresses from a prolonged, intensified, or broadened Korean war, the Chinese Communist regime may be able to strengthen itself over the coming period by modernizing and strengthening its armed forces, by further consolidating its domestic control, and by making some progress in solving its economic problems. The Peiping regime will play an increasingly influential role in Asian affairs by virtue of its growing prestige and through the influence it exerts over Asian revolutionary movements. The USSR will probably continue to provide substantial military and technical help, although its economic aid will almost certainly

71. *(Continued)*

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fall far short of Chinese requirements. However, a prolonged, intensified, or broadened struggle with the US and its allies might critically weaken the Peiping regime unless the USSR provided much greater military and economic aid.

29. While frictions may develop between the USSR and Communist China and there remain long term possibilities of a major clash of interests, it appears unlikely that any serious rifts will develop in the next two years. Ideological affinity and mutual antagonism toward the West, as well as common fear of Japanese resurgence, probably dictate a continued close relationship, at least over the short term.

30. It seems almost certain that Peiping intends to play an aggressive, expansionist role in the Far East. While problems of internal consolidation and development and a continued lack of naval strength should prevent China through mid-1953 from mounting a serious threat to the US-dominated offshore island chain (except perhaps Taiwan), there will remain an ever present danger of Chinese Communist aggression against such adjacent mainland areas as Indochina, Burma, and South Korea. While the Korean war has somewhat restricted Chinese Communist capabilities for operations elsewhere, such capabilities should increase in the event this conflict is ended. In any case Communist China will almost certainly increase its covert support of indigenous revolutionary movements. It may consider that the prospects for eventual success by these methods, particularly in Southeast Asia, are sufficient to make unnecessary overt intervention with its risk of war with the West.

31. The probable emergence of a politically stable and pro-US Japan will help to establish an East-West balance of power in the Far East. However, the revival of Japan's power potential will inevitably be a long term development and Japan alone will by no means be able to counterbalance Sino-Soviet strength in Northeast Asia in the next two years. Moreover, anti-Western sentiment may develop in post-treaty Japan, and if Japan fails

71. *(Continued)*

to find markets and raw materials in non-Communist areas, there may develop an insistent demand for economic collaboration with the Asian mainland. Under these circumstances, there will be a continuing substantial requirement for US assistance, particularly in the development of foreign trade. However, the continuance of a conservative anti-Communist government should tend to support US interests, and over the next two years at least Japan should be a growing asset to the Western position in East Asia.

32. The chief immediate danger of a critical development in the Far East lies in a prolongation, intensification, or broadening of the Korean war (see paragraph 13). Even if some compromise solution were reached in Korea, the US would still be faced not only with the constant threat of renewed aggression in Korea or elsewhere in Asia and the consequent necessity of maintaining large forces in the Far East, but also with major reconstruction problems in South Korea. The reconstituted North Korean forces, together with the Chinese Communists, will have a continued capability for re-occupying South Korea in the event US and UN forces are progressively withdrawn. The rebuilding of South Korean security forces and the rehabilitation of the prostrate South Korean economy will in any case constitute formidable tasks.

33. Southeast Asia will continue to be extremely vulnerable to Communist penetration. There is no prospect for early development of strong anti-Communist governments in the area and a real danger exists that, with increased Chinese Communist assistance or even overt intervention, indigenous Communist movements may extend their control over more of Indochina and Burma within the next two years. If these countries were to fall, Thailand would doubtless prove unable for long to withstand Communist pressure, and the situation would also deteriorate further in Malaya, Indonesia, and the Philippines. In any event, all Southeast Asian countries will remain weak and unstable during the coming period, and may require increasing amounts of outside assistance, including

military assistance, even to maintain themselves. In the absence of major Communist successes in Indochina or Burma, the situation in Malaya, Thailand, and the Philippines should improve by mid-1953, although long term problems of local insurgence, political instability, and economic development will still remain.

34. The Nationalist military position on Taiwan should gradually improve with US aid. Enhanced Nationalist capabilities for harassing the mainland will require an increased allotment of Chinese Communist strength for coastal defense. However, the security of Taiwan will continue to be hampered by the regime's economic difficulties, general inefficiency and corruption, and will require close US control if US military and economic aid is to be effective.

B. Probable Developments in the Near East (and North Africa)

35. In the Near East the serious possibility of a deterioration in the situation overshadows the limited possibilities of improvement over the next two years. At present, except in Greece and Turkey, the West is faced with a growing crisis in which the chief motivating force is not Communist pressure but the anti-Western nationalism of Iran and the Arab world. The growing strength of Greece and especially Turkey and the widening system of US Mediterranean bases should be positive favorable influences in this area. However, these factors will probably be counterbalanced by continued Arab-Israeli animosity, further deterioration of the British system of alliances, and nationalist hostility toward the West. Active Soviet intervention in the Near East seems unlikely, except possibly in Iran. More likely is a further growth of neutralism, which might limit US-UK utilization of the area's strategic position and petroleum resources. Improvement of the existing unsatisfactory US-UK position in the Near East (except in Greece and Turkey) will depend largely upon the successful solution of the area's economic problems and upon the satisfaction of at least some nationalist aspirations.

71. *(Continued)*

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36. Developments in Iran will depend largely upon the outcome of the current oil controversy, but in any event Iran will probably remain internally unstable during the next two years. While successful negotiations with the British might substantially increase Iranian revenues, it is doubtful whether effective use would be made of these revenues. Failure of the negotiations may well lead to economic chaos and increase the danger of a Communist (Tudeh) coup. Overt Soviet intervention remains unlikely unless the UK intervenes with armed force, in which case the USSR might occupy Azerbaijan.

37. In the Arab states social and political instability, anti-Zionism, and extreme nationalism will hamper the achievement of US objectives through mid-1953. There is little likelihood of sufficient improvement in Israeli-Arab relations to permit their joint association in Near East defense. Arab resentment over US support of Israel also creates problems for the US. Nationalism will continue to undermine UK influence and seriously jeopardize British retention of their important Egyptian bases. However, despite the trend toward neutralism in the Arab countries, there is some increased awareness of the Soviet threat and, particularly if an increased Soviet threat developed, the Arab states might more willingly cooperate with the West. Their price would probably be a sharp increase in the amount of US aid.

38. Israel's ultimate orientation is uncertain, despite its economic dependence on the US and its stated awareness of the Soviet threat. Continued immigration and a paucity of resources prolong economic instability and there is some danger that Israel might seek an outlet through renewed expansion at the Arabs' expense.

39. While violent explosions in French North Africa may not occur over the next two years, rising Arab nationalism, fanned by extremists in the Arab states, will create increasing instability in this area and also in Libya, and may affect the security of US bases.

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C. Probable Developments in South Asia.

40. Developments in South Asia over the next two years will depend largely on the outcome of the Kashmir dispute. Realization of the effect that war would have on the disputants might result in greater readiness to compromise, and some de facto if not negotiated settlement may emerge. The resulting increased stability in the area would be favorable to US interests. Pakistan may be able to give more positive expression to its pro-Western leanings and, if given US support, may provide bases and troops for the defense of the Middle East. Although India is far less likely to abandon its neutralist policy, at least so long as Nehru remains prime minister, continued Chinese Communist penetration of Southeast Asia, especially Burma, might lead India to adopt a more forceful anti-Communist policy. On the other hand, if continued friction over Kashmir leads to war, the resulting economic stresses and communal disorders would leave both India and Pakistan prostrate and vulnerable to Communist penetration. In any event, the deep seated social and economic ailments of the area, and particularly of India, preclude the development in the short run of strong states capable of adding significantly to the power of the Western coalition.

IV. PROBABLE DEVELOPMENTS IN LATIN AMERICA

41. The situation in Latin America through mid-1953 should continue to be favorable to US interests, despite certain internal problems and a persistent isolationist attitude among large segments of Latin American opinion. The area's trade position has improved since the Korean war and is likely to improve further. All but a few governments are pro-US, and only in Argentina and Guatemala are there pronounced anti-US attitudes in high official circles. The chief present problem in Latin America is the maintenance of political and economic stability, both of which have been increasingly threatened in the last two years.

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71. *(Continued)*

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42. Important obstacles to full Latin American support of US policies are the persistence of isolationist sentiment and unwillingness to make sacrifices in the East-West conflict, which to many Latin Americans appears primarily as a struggle between the US and USSR. The force of isolationist and nationalist opinion, particularly in countries where important elections are approaching, has obstructed direct military aid to the UN in Korea, and has caused pro-US governments to act cautiously in US negotiations to secure strategic materials. Communist strategy has been to play upon this isolationism by attacking Latin American bonds with the US. Soviet adoption of a more conciliatory policy would increase the susceptibility of isolationist groups and complicate the task of governments desiring to cooperate with the US. Nevertheless, in the event of a major crisis, most Latin American governments would act in the spirit of the Rio Treaty.

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72. [Office of the DCI], "Staff Conference," 22 October 1951 (Excerpt)

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SC-M-29
22 October 1951

STAFF CONFERENCE

Minutes of Meeting held in Director's Conference Room, Administration Building Monday, 22 October 1951, at 1100 hours.

General Smith Presiding

Present

Allen W. Dulles, Deputy Director
Walter R. Wolf, Deputy Director for Administration
Joseph Larocque, Jr., Executive Assistant to the Director
Colonel Chester B. Hansen, Assistant to the Director
Captain Frank C. Acker, Deputy Director of Training
James D. Andrews, Advisor for Management
James M. Andrews, Asst. Director for Collection and Dissemination
George G. Carey, Assistant Director for Operations
H. Marshall Chadwell, Asst. Director for Scientific Intelligence
Kingman Douglass, Asst. Director for Current Intelligence
L. S. Hitchcock, Acting D/Asst. Director for Research and Reports
William L. Langer, Asst. Director for National Estimates
Franklin A. Lindsay, Acting D/Asst. Dir. for Policy Coordination
Maj. Gen. H. M. McClelland, Assistant Director for Communications
James Q. Reber, Asst. Director for Intelligence Coordination
Colonel Robert Taylor, Office of Deputy Director for Plans
Maj. Gen. Willard Wyman, Assistant Director for Special Operations

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72. *(Continued)*

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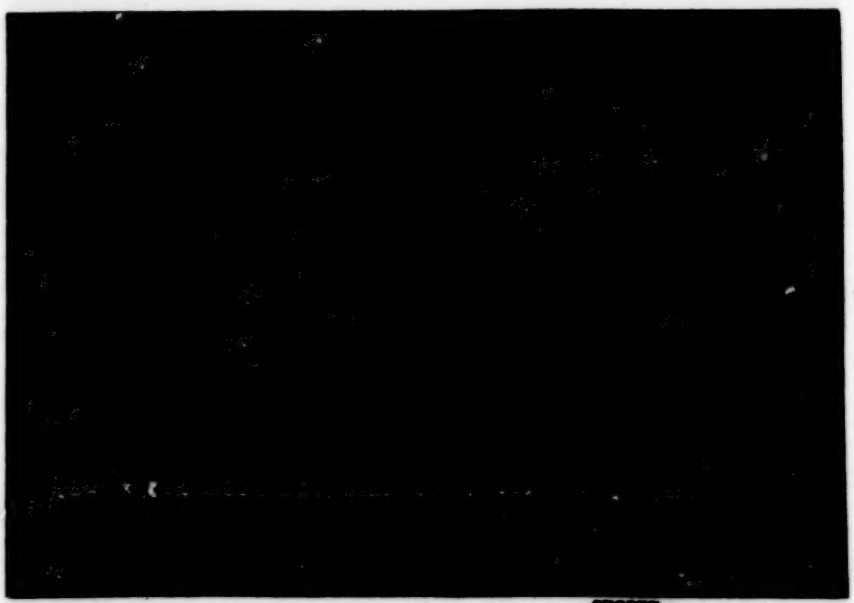
The Director stated that the question of O/PC operations, paramilitary operations and the whole Magnitude situation may have some effect on the form of the report. He feels that operations have assumed such a very large size in comparison to our intelligence function that we have almost arrived at a stage where it is necessary to decide whether CIA will remain an intelligence agency or becomes a "cold war department". We have never had trouble with the Bureau of the Budget in asking for funds to conduct our intelligence work but the very large proposed budget for 1953, most of it for operations, may cause the Bureau of the Budget to scrutinize our activities very carefully.



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SC-M-29
22 October 1951

73. National Security Council, NSC 10/5, 23 October 1951
(Photocopy)

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NSC 10/5

October 23, 1951

NOTE BY THE EXECUTIVE SECRETARY

to the

NATIONAL SECURITY COUNCIL

on

SCOPE AND PACE OF COVERT OPERATIONS

References: A. Memo for NSC from Acting Executive Secretary, same subject, dated June 27, 1951
B. Memo for NSC from Executive Secretary, same subject, dated August 22, 1951
C. Memo for NSC from Executive Secretary, same subject, dated October 9, 1951

As of October 23, 1951, the statutory members of the National Security Council approved the recommendations contained in Reference A as amended by the changes contained in Reference C. The Director of Central Intelligence had concurred therein.

Accordingly, the report as amended and approved is enclosed herewith for information and appropriate implementation by all departments and agencies concerned, as indicated therein.

It is requested that special security precautions be taken in the handling of this report and that access be limited strictly to individuals requiring the information contained therein to carry out their official duties.

It is further requested that all copies of the reference memoranda be withdrawn and returned to this office upon receipt of this report.

JAMES S. LAY, JR.
Executive Secretary

73. *(Continued)*

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ACTIONS TAKEN BY THE NATIONAL SECURITY COUNCIL

on

SCOPE AND PACE OF COVERT OPERATIONS

1. The National Security Council approves in principle as a national responsibility the immediate expansion of the covert organization established in NSC 10/2, and the intensification of covert operations designed in general order of emphasis to:

a. Place the maximum strain on the Soviet structure of power, including the relationships between the USSR, its satellites, and Communist China; and when and where appropriate in the light of U. S. and Soviet capabilities and the risk of war, contribute to the retraction and reduction of Soviet power and influence to limits which no longer constitute a threat to U. S. security.

b. Strengthen the orientation toward the United States of the peoples and nations of the free world, and increase their capacity and will to resist Soviet domination.

c. Develop underground resistance and facilitate covert and guerrilla operations in strategic areas to the maximum practicable extent consistent with 1-a above, and ensure availability of these forces in the event of war for utilization in accordance with principles established by the National Security Council, including wherever practicable provision of a base upon which the military may expand these forces on a military basis in time of war within active theaters of operations.

2. The National Security Council directs the Psychological Strategy Board to assure that its strategic concept for a national psychological program includes provision for covert operations designed to achieve the objectives stated in paragraph 1 above.

3. The National Security Council reaffirms the responsibility and authority of the Director of Central Intelligence for the conduct of covert operations in accordance with NSC 10/2 and subject to the general policy guidance prescribed therein, and further subject to the approval of the Psychological Strategy Board which shall be responsible for:

73. *(Continued)*

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a. Determining the desirability and feasibility of programs and of individual major projects for covert operations formulated by or proposed to the Director of Central Intelligence.

b. Establishing the scope, pace, and timing of covert operations and the allocation of priorities among these operations.

c. Coordinating action to ensure the provision of adequate personnel, funds, and logistical and other support to the Director of Central Intelligence by the Departments of State and Defense for carrying out any approved program of covert operations.

4. The National Security Council requests the Secretary of Defense to provide adequate means whereby the Director of Central Intelligence may be assured of the continuing advice and collaboration of the Joint Chiefs of Staff in the formulation of plans for paramilitary operations during the period of the cold war.

5. In view of the necessity for immediate decision prior to the coming into operation of the Psychological Strategy Board, the National Security Council authorizes [redacted], as outlined in the memorandum from the Director of Central Intelligence enclosed with the reference memorandum of June 27, 1951 (Reference A), and pursuant to the appropriate provisions of NSC 48/5.

74. Pforzheimer, Memorandum for the Record, "CIA Appropriations," 25 October 1951 (Carbon copy)

~~SECRET~~ House Appropriations

25 October 1951

Memorandum for the Record:

Subject: CIA Appropriations.

1. Mr. George Harvey, Chief Clerk, House Appropriations Committee has raised with me several times the problem of placing of the CIA budget, particularly since it has reached a magnitude which makes camouflage difficult. At his request and with the approval of Mr. Wolf, Mr. Saunders, Mr. Houston and I met with Mr. Harvey today to explore the question.

2. Mr. Harvey opened the discussion by pointing out that since 1946 he was the only person on the House Appropriations Committee or its staff who has known each year the amount of the CIA budget and its location. This places a great responsibility on him and on the Chairman of the Committee, for in certain years the minority members have not been informed. Mr. Harvey further stated that sooner or later this situation might lead to extremely embarrassing questions from other members, which might endanger the security of the CIA budget if we continue to handle the matter as at present.

3. Mr. Harvey pointed out that there were two basic problems: the first, how to handle the 1953 budget which is currently in preparation; and the second, how to plan for the ultimate long-term problem of CIA appropriations. He cited certain examples of problems which have arisen in connection with the location of the CIA budget, particularly for the fiscal year 1952. (It should be recalled that in one instance in the 1952 budget, the State Department added a $10,000,000 item of its own to our appropriation which had been contained in a $10,000,000 item for several years. This additional $10,000,000 request had served to highlight the item in which the CIA appropriation was included, leading to complication of the security aspects. In addition, those items which were hidden in the military budget were included in such a way that it would be apparent to Committee members studying the question that certain figures were being falsified, leading to embarrassing questions which would needlessly disclose to many Committee members the fact that the CIA budget was included in these items.)

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As a result, Mr. Harvey wishes to discuss, prior to his departure from Washington at the end of next week, the location problem with us and with Mr. Schaub of the Bureau of the Budget.

4. Mr. Harvey agreed that it would be preferable to place the entire CIA appropriation in one budget--either State or Defense --to keep at a minimum the number of Committee members who would have to be told something about the CIA budget. (This is in line with the suggestion of Senator O'Mahoney of the Senate Appropriations Committee, who was rather hopeful that we could eliminate the small sum which was in the State Department budget.) It was agreed, however, that an immediate dropping of the full State Department item of several million dollars in which our budget was contained would needlessly point up the fact that CIA had had funds there. Therefore, it was suggested that this sum be reduced by one or two million dollars every year, and that the Bureau of the Budget write to the Appropriations Committee Chairman stating that for security reasons they would like to have part of this appropriation included each year, but that the sum would be impounded by the Bureau of the Budget until it was completely eliminated, perhaps five years from now.

5. The next problem which was discussed was the question of openly declaring a portion of the CIA budget, keeping the remainder concealed. It was generally agreed that this would be helpful at least as an interim measure. It was pointed out to Mr. Harvey that actually the major portion of the CIA budget was expended for cold war activities assigned to us by the National Security Council in this emergency, as opposed to the smaller portion of our budget which could be fully designated for intelligence purposes. It therefore can be assumed that ultimately, although perhaps not in the foreseeable future, the CIA budget will be considerably less than its present size. However, this would not serve to solve any of the immediate problems. It was also agreed that from the standpoint of security we could not separate the present budget into purely intelligence functions on the one hand and the cold war activities on the other.

6. The question was then raised as to whether there was any way in which we could receive funds from the Treasury without going through the formal appropriations procedure. Mr. Harvey felt that perhaps the best solution to our problem would be to obtain permanent legislation which in effect would state that such

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funds as might be approved annually by the Appropriations Committees of the House and Senate, or designated subcommittees thereof, would be appropriated for CIA out of any money in the Treasury not otherwise appropriated by the Congress. In effect this would mean that we make a presentation annually to the Appropriations Committees or their designated subcommittees, and that they in turn certify to the Treasury the amounts which the Treasury could turn over to CIA. This would eliminate any necessity for hiding sums in the Federal budget for us and would also eliminate Floor debate. It was pointed out that it might be difficult to secure such legislation, but it could be assumed that if suggested it would have the complete approval of the ranking members of the House Appropriations Committee in advance. However, it was further pointed out that the personality of the Chairman of the Senate Appropriations Committee might make such legislation extremely difficult at this time.

7. The final alternative discussed was the question of private financing through the profits of corporate cover. It was Mr. Harvey's opinion that these profits should be reported each year to the Appropriations Committees, and the annual budget be reduced by such amounts, rather than turning the funds over to the miscellaneous receipts of the Treasury.

Walter L. Pforzheimer

cc - DD/Admin.
Comptroller

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75. [Office of the DCI], "Staff Conference," 21 November 1951

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SC-M-31
21 November 1951

STAFF CONFERENCE

Minutes of Meeting held in Director's
Conference Room, Administration Building
Wednesday, 21 November 1951, at 1100 hours.

General Smith Presiding

Present

Allen W. Dulles, Deputy Director
Frank G. Wisner, Deputy Director for Plans
Walter R. Wolf, Deputy Director for Administration
Joseph Larocque, Jr., Executive Assistant to the Director
Colonel Chester B. Hansen, Assistant to the Director
James D. Andrews, Advisor for Management
James M. Andrews, Asst. Director for Collection and Dissemination
Colonel Matthew Baird, Director of Training
H. Marshall Chadwell, Asst. Director for Scientific Intelligence
Brig. Gen. Trubee Davison, Director of Personnel
Lt. Col. James H. Drum, A/Chief, Technical Services Staff, O/DD/Plans
Perry Johnson, D/Asst. Director for Communications
Col. Kilbourne Johnston, Assistant Director for Policy Coordination
Lyman B. Kirkpatrick, D/Asst. Director for Special Operations
William L. Langer, Assistant Director for National Estimates
Max F. Millikan, Assistant Director for Research and Reports
James Q. Reber, Assistant Director for Intelligence Coordination
Colonel Robert Taylor, Office of Deputy Director for Plans
Colonel L. K. White, D/Assistant Director for Operations
Maj. Gen. Willard Wyman, Asst. Director for Special Operations

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1. Mr. Wisner made the following report on his recent trip with Mr. Miller and Mr. Helms:

Turkey

[redacted]. In consequence, no discussions were held with Embassy officials and dealings were mostly with Turks on the second echelon. Mr. Wisner felt that things in Turkey were on a sound basis, the economy had taken strides forward and the political situation appeared stable. Turkey is so important geographically that there is still a large job [redacted] there.

Greece

Discussions were held with practically all United States and Greek authorities. Situation is not too satisfactory and the United States will always have to be the leader in furnishing assistance. [redacted]. Papagos is the strong man in Greece and is generally liked by United States military and diplomatic personnel. There is a feeling that the present uneasy coalition may split and that Papagos might come into power after the first of the year.

Mr. Wisner feels that during the trip they were able to help Greek operatives in relation to their own government. The heads of the Greek intelligence services are military personnel and strong representations were made to the Greek Government that there should be continuity of service.

Major General Hart may become the new head of the United States military mission. He was briefed by Mr. Wisner in Stuttgart.

The internal Communist situation seems to be fairly well in check and they have gone underground. In this relation the contrast between Greece and Italy is very marked.

Italy

Unless present trends are reversed, the Italian situation could be lost to the internal Communist threat. Americans in Italy, however, are aware of this, are beginning to forget their differences and are showing more signs of working together.

The economic situation is poor, the tax collection methods are bad and both are being exploited by the Communists.

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75. *(Continued)*

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Conversations were held with Admiral Carney in regard to war planning in respect to Greece and Yugoslavia. Mr. Wisner feels that the question of bringing Greece and Yugoslavia directly together for war planning has been recently forgotten by the United States and the British. Perhaps this is due to an unexpressed fear that if they get together they might decide to partition Albania.

Germany

Mr. Wisner found the German situation very impressive, with great economic progress and booming manufacture. He especially noted the recovery of the Deutsch Mark. [redacted]. Gen. Truscott is closely following the progress of the contractual agreements. Mr. Wisner feels that our negotiators may be unable to get what United States intelligence wants.

The position of General Truscott is interesting and very gratifying. He is welcomed as the leader of the United States intelligence activity. He is not, however, able to cover Berlin as he has no man competent to coordinate the very scrambled situation in that city. [redacted]. The occupation forces are dependent on early intelligence warning and CIA's responsibility is great. The OB intelligence on the Eastern Zone and also parts of Poland is excellent. Troop movements are normally known within three days.

The defector operation was carefully studied and Mr. Wisner feels it is going well. The physical set-up is excellent although heretofore the flow of defectors has been small. This is improving.

Mr. Wisner feels that press criticism of the defector operation has become so wide spread (although mostly unjustified) that it is doing active harm and deterring defection.

France

The internal Communist situation is still strong but not as bad as in Italy. The French argue constantly on a legalistic basis about Communists and declare that the Communist Party is still a legal party. We will have to keep after this.

There were numerous discussions with the French Intelligence services in an attempt to get them to provide us with more intelligence. Some progress was made but we will probably have to give them something in exchange.

75. *(Continued)*

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SC-M-31
21 November 1951

Holland and Belgium
The situation is badly scrambled in Belgium but Mr. Wisner saw the various chiefs of the Intelligence services at the same time [redacted]. Internal intelligence problems in Belgium are the [redacted] primarily of a jurisdictional nature. Mr. Wisner arranged for copies of our National Security Act of 1947 to be sent to them for study.
Counterespionage service in Holland is having a bad time, [redacted]. They have been publicizing CE matters and have been criticized by the newspapers.

England
Mr. Wisner arrived just after election, too early to observe any change in the foreign policy. He believes that some time will elapse before there are any major policy changes.

General
In general, Mr. Wisner had the impression that CIA was gaining in maturity and stature. There is greater acceptance of CIA by American officials abroad and the Agency contribution is recognized. This presents an increased responsibility to live up to this recognition. Mr. Wisner feels strongly that uncoordinated trips through Europe and the Middle East must cease. Such trips in the future must be coordinated through the Office of DD/P [redacted].

2. The Director endorsed Mr. Wisner's comments on coordinated travel. As a matter of procedure, when anyone less than an Assistant Director is traveling, coordination in the future will be effected through the Office of DD/P and the Senior Representatives will always be consulted. Any other clearances such as those for military theaters will be obtained. [redacted]

3. General Davison stated that although all Offices in CIA were "screaming" for personnel he had discovered that some 800 files were presently on the desks of Division Chiefs and some of them had been there as long as two months. He asked that the Assistant Directors get those moving. The Director asked General Davison to look into the cause of this delay and report to him.

~~SECRET~~
SC-M-31
21 November 1951

75. *(Continued)*

~~SECRET~~
SC-M-31
21 November 1951

4. The Director mentioned a confidential memorandum which had been circulated to the Assistant Directors and the contents of which had evidently been "leaked". The Director is worried about our security and feels that there is too much conversation on all levels.

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SC-M-31
21 November 1951

76. Earman, Memorandum for Rear Admiral Robert L. Dennison, "Estimate of Situation in Guatemala," 14 January 1952 (Carbon copy)

~~SECRET~~
Security Information

ER 2-4811a

14 January 1952

MEMORANDUM FOR: REAR ADMIRAL ROBERT L. DENNISON
NAVAL AIDE TO THE PRESIDENT

SUBJECT: Estimate of Situation in Guatemala

The Director of Central Intelligence has requested that the subject memorandum be shown to the President. It is to be noted that the information contained therein has not been coordinated with the members of the Intelligence Advisory Committee.

SIGNED

J. S. EARMAN
Assistant to the Director

Enclosure
Memo dtd 11 Jan 52 (from Col. King, OPC, to DD/P - ER 2-4811)

O/DCI:JSEarman/dr
Distribution:
Orig & 1 - Addressee
2 - Signer
1 - DD/P w/cc of memo of 11 Jan 52

25

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Security Information

76. *(Continued)*

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Executive Registry
2-4811

Noted by DCI
14 Jan 52-OK

11 January 1952

MEMORANDUM FOR DEPUTY DIRECTOR, PLANS

SUBJECT: Estimate of Situation in Guatemala

Communist Activities

The Communists continue to be very active in Guatemala and continue to receive Government support. Since the anti-Communist rioting in July 1951 the Communists have softened their overt campaign for immediate action in the political field, but they have forged ahead in the labor movement, succeeding in forming, under the guidance of Vicente LOMBARDO Toledano and Louis SAILLANT, a central labor organization comprising almost all the unions in the country. The Communist newspaper Octubre is published regularly and circulates freely. It has devoted its columns to anti-United States propaganda and to trying to aggravate the United Fruit Company's labor troubles. The Guatemalan Communists are small in number, but their influence in both government and labor is substantial.

Anti-Communist Activities

The Anti-Communist Party of Guatemala has been formed since the July rioting and has received strong support from the Catholic middle class and from the Indians. The university students have furnished leadership to form a substantial bloc in the Party. They have requested President Arbenz to dismiss the Communists holding positions in the Government, and to expell all foreign Communists. The movement continues to develop in all sections of the country.

Political Situation

President ARBENZ has shown no sign of changing the policy set by AREVALO as regards Communism. He has stated his opposition to the anti-Communist movement. Ramiro ORDONEZ Pantagua, leftist Minister of Government, has recently resigned and been replaced by Ricardo CHAVEZ Hasbrum. CHAVEZ is generally regarded as an anti-Communist. However, on 4 January 1952 he announced that the government had decided to ban all anti-Communist demonstrations. Colonel PAZ Tejada, who had studiously avoided attending all Communist rallies, but who was forced to attend the last one as the representative of President ARBENZ, has been replaced as Minister of Communications by Colonel Carlos ALDANA Sandoval, an Arbenz supporter. PAZ Tejada has been placed in charge of the construction of the highway to the Atlantic.

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76. *(Continued)*

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SECURITY INFORMATION

Economic Situation

ARBENZ inherited a very slack economic picture, and the labor trouble and subsequent threat to withdraw from Guatemala by the United Fruit Company has made the outlook even darker.

Activity of Political Exiles

At least three Guatemalan exile groups are plotting against the ARBENZ regime. They are, in probable order of strength:

a) a group headed by Colonel CASTILLO Armas, former Commandante of the Escuela Militar, and now in Costa Rica, who originally planned a January 1952 uprising. It has been reported that CASTILLO Armas has been offered aid by the United Fruit Company and a Peruvian group, possibly the government;

b) a group in Mexico headed by Colonel Arturo RAMIREZ who has been in exile since an attempted revolt in 1948. This group may be financed in part by American oil promoters;

c) supporters of General YDIGORAS Fuentes, unsuccessful presidential candidate of the 1950 elections who is now in El Salvador.

The CASTILLO Armas and RAMIREZ groups have been in contact, but so far no agreement has been reached. If the two groups were to unite, a successful revolution might result.

Conclusions

Communist influence in the Guatemalan government continues to be serious. Rumors persist in Guatemala that President Arbenz is ill with leukemia. Efforts to verify these rumors are being made. In the event that ARBENZ were forced to leave his office, Roberto ALVARADO Fuentes, president of the Guatemalan congress, could constitutionally assume presidency. Such an eventuality would further aggravate the situation in Guatemala because ALVARADO Fuentes is a strong Communist supporter having recently attended a Communist sponsored pro-peace meeting in Vienna.

J. CALDWELL KING
SA/HD/P-LA

~~SECRET~~

77. Wisner, Memorandum for Deputy Assistant Director for Policy Coordination, "Reported Crisis in the American Committee for Cultural Freedom," 7 April 1952 (Carbon copy; attachments not included)

[redacted] Security [redacted]

ER 2-7760

CONFIDENTIAL

APR 7 [redacted]

MEMORANDUM FOR: Deputy Assistant Director for Policy Coordination

FROM: Deputy Director (Plans)

SUBJECT: Reported Crisis in the American Committee for Cultural Freedom.

1. Attached hereto is a letter dated 4 April from Arthur Schlesinger, Jr., to myself, together with certain enclosures all of which present a rather alarming picture. I had not heard about these developments prior to my receipt of Schlesinger's letter, and I am most anxious to have an OPC evaluation of this matter, which very well may not be a tempest in a teapot.

2. My offhand reaction to this mess is that the position of neither the pro-McCarthyites or anti-McCarthyites is the correct one from our standpoint, and that it is most unfortunate that the matter ever came up in such a way as to bring it to this kind of head. I can understand how an American committee for cultural freedom, standing alone, and being in fact a group of American private citizens interested in cultural freedom, would feel that it would have to take a position on McCarthyism. However, that is not the nature of the American Committee for Cultural Freedom which, according to my recollection, was inspired if not put together by this Agency for the purpose of providing cover and backstopping for the European effort. If such is the case, we are stuck with the Committee in that we have an inescapable responsibility for its conduct, its actions and its public statements. Under the circumstances the raising of the issue of McCarthyism, whether to condemn it or to support it, was a serious mistake in my opinion. The reason is simply that this injects us into an extremely hot American domestic political issue, and is sure to get us into trouble and to bring down on our heads criticism for interference in a matter that is none of our concern whatsoever.

3. If you agree with the foregoing analysis and reaction, we should consider promptly what should be done now that the fat is in the fire. If it were possible to do so, it would be my thought that the entire debate on this subject, from the beginning, be expunged from the record and the matter thus laid to rest. I know that this will not satisfy either faction, but it might be possible for us to put across to the members of both factions that we are talking about Europe and the world outside the United States, and that we should stick to our last -- and that if we do not do so the entire effort will be exposed and shot [redacted] because of our involvement in domestic political issues. An appeal to unity and concord and the preservation of this valuable effort might be successful. In any case it is the only approach that I can

DOCUMENT NO. [redacted]
NO CHANGE IN CLASS. [redacted]
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CLASS. CHANGED TO: [redacted]
NEXT REVIEW DATE: [redacted]
AUTH: HR 70-2 [redacted]
DATE: [redacted]

(Signed) FRANK G. WISNER

[redacted] DADPC with attachments

FRANK G. WISNER

cc: C/TO
ER - 1 [redacted]
DD/P chrono - 1

[redacted] Security Information

27.7

78. Smith, Memorandum for the National Security Council, "Report by the Director of Central Intelligence," 23 April 1952 (Typed copy; one attachment not included)

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Security Information

TS #63459

INCLUDED IN THE PRESIDENT'S BOOK

CENTRAL INTELLIGENCE AGENCY
WASHINGTON 25, D. C.

OFFICE OF THE DIRECTOR

23 April 1952

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

SUBJECT: Report by the Director of Central Intelligence

In July 1949, the National Security Council directed that certain changes be made in the organization of the Central Intelligence Agency. The instructions contained in this Directive -- NSC 50 -- have been carried out in all substantial respects.

There is attached, marked TAB A, a chart of the organization of the Central Intelligence Agency as of October 1950 and an organization chart as of 31 December 1951. A comparison of these charts will indicate the general scope of this reorganization.

Specifically, there has been established an Office of National Estimates to produce intelligence estimates of national concern, both in acute situations and on a long-term basis. In its operations this Office utilizes the resources of the total United States intelligence community. The members of the Council are acquainted with the production of the Office of National Estimates, but, for ready reference, there is attached, marked TAB B, a list of the National Intelligence Estimates which were prepared in 1951.

To provide the National Security Council and appropriate offices of the Government with all-source intelligence on a current basis, there was also established during 1951 an Office of Current Intelligence. Council members are acquainted with the publications of this Office.

An Office of Research and Reports has been set up to provide coordinated intelligence, primarily on economic matters, as a service of common concern to interested

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78. *(Continued)*

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Security Information

Government agencies. Although accurate appraisal of an enemy's economic potential is a most important factor in estimating his military capabilities, this crucially-important task had previously been scattered among twenty-four separate agencies of the Government.

An Interdepartmental Economic Intelligence Committee has also been established, and the Agency's Assistant Director for Research and Reports is its Chairman. His Office is the clearing house for study and analysis of the economy of the Soviet Orbit and for exploring and filling the gaps that had developed in the previously unrelated system of collection and evaluation.

In cooperation with the Department of Defense, there has been established the Interdepartmental Watch Committee. Its function is to provide constant and periodic review of indications of possible enemy action. The Central Intelligence Agency also maintains a twenty-four hour watch on behalf of the Agency.

Continuity of high caliber personnel, possessing specialized training and experience, is essential for the conduct of the Agency's activities. Accordingly, plans for a career service within the Central Intelligence Agency are being worked out and the first groups of prospective junior career officers are in training.

After sufficient career personnel have been recruited and trained in this service, it will be possible eventually to select senior officials of the Central Intelligence Agency from among their number. This development will take time. Meanwhile, one of the Agency's continuing problems will be the difficulty of securing adequately qualified personnel, particularly for senior positions.

Four NSC papers approved during the period under review required the special services of the Central Intelligence Agency:

1. [redacted]
2.

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Security Information

78. *(Continued)*

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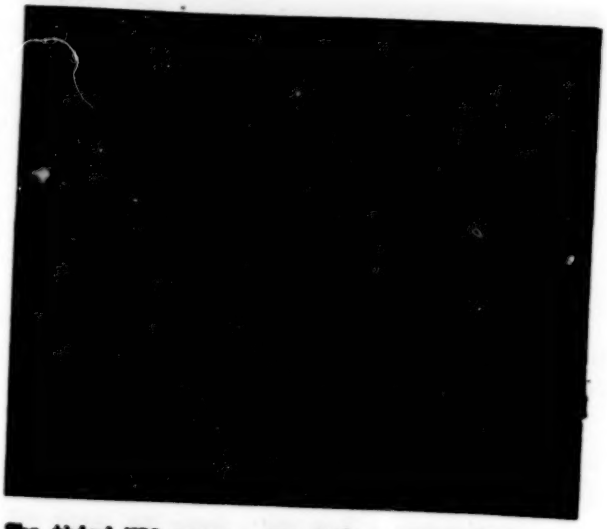

3. The third NSC paper - NSC 66/1 - directed the Central Intelligence Agency to provide intelligence support for the Voice of America with respect to Soviet jamming. This is being done, but the establishment of an additional monitoring facility to locate Soviet jamming stations, requested by NSC 66/1 [redacted] due to technical difficulties. The National Security Council subsequently authorized [redacted]

4. The remaining paper - NSC 10/5 - redefines the Central Intelligence Agency's responsibilities in a field which was probably not envisaged at the time the National Security Act of 1947, under which the Agency was established, was framed. This is the field of cold war covert activities, including guerrilla warfare. We have accepted these responsibilities as agents for the major Departments concerned and for projects which are approved by the Psychological Strategy Board. The Departments of State and Defense are charged with providing the Central Intelligence Agency with the necessary support to accomplish these missions. The presently projected scope of these

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activities has, during the past three years, produced a three-fold increase in the clandestine operations of this Agency and will require next year a budget three times larger than that required for our intelligence activities. These cold war projects are worldwide in scope (with the effort intensified in the Far East) and they include psychological warfare as well as paramilitary operations; denial programs with respect to strategic materials; stockpiling on a limited scale in strategic areas to assist the military in the event of war; the organization and planning of sabotage teams to support resistance operations; and the planning and organization of escape and evasion networks and stay-behind movements for use in the event of war.

Given the necessary support, it will be possible for the Central Intelligence Agency to fulfill these requirements; but since they have resulted in such a large expansion in the Agency's budget and personnel strength, it should be noted that:

1. They are not functions essential to the performance by Central Intelligence Agency of its intelligence responsibilities.

2. They were placed in this Agency because there was no other Department or Agency of the Government which could undertake them at that time.

3. They will inevitably militate against the performance by Central Intelligence Agency of its primary intelligence functions and are a continuing and increasing risk to its security. Regrettably, (from my personal viewpoint) it seems impracticable, for reasons of coordination and security, to divorce these from other covert operations.

There remain a number of unsolved problems — major and minor. The following examples will indicate their nature and range.

1. Interrelationship Between Intelligence and Operational Planning. It is not necessary for an intelligence officer to know very much about plans, either civilian or military, but if his product is to be timely he must have adequate advance information at least of the general nature and objectives

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Security Infor...

78. *(Continued)*

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Security Information

of any plans toward which he can make an intelligence contribution, as well as of such national or international policies and agreements as precede them. The liaison arrangements of CIA and the Department of State on such matters are reasonably satisfactory, although there remains room for betterment. Such arrangements with the Armed Services are still somewhat less than satisfactory, although some improvement is being made.

2. Security. The utmost diligence has been exercised to insure the security of the Central Intelligence Agency, and I am now convinced that it is at least as secure as any activity of the Government. My remaining concern in this regard is largely based on the fact that the Agency is scattered among twenty-eight buildings in the Washington area. Every effort will be made to obtain funds for the construction of a reasonably secure building.

3.

4. Scientific and Technical Intelligence. The least progress in coordinating intelligence activities has been made in certain fields of scientific and technical intelligence. An interagency committee is presently studying this problem, with the view of recommending the proper steps for the improvement of this situation.

The Council is generally acquainted with the Central Intelligence Agency's secret operations designed to produce raw intelligence. Although we are making every effort to develop these latter sources, our experience so far has been in general disappointing. They are costly by comparison with other intelligence operations and they present in most cases a gambler's chance of obtaining really significant critical strategic information, although they consistently produce a

78. *(Continued)*

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Security Information

significant quantity of useable information. We must and shall devote our best effort to their improvement and to the exploitation of every reasonable chance for penetration. On a few rare occasions there have been really brilliant accomplishments.

In conclusion, it should be pointed out that, in view of the efficiency of the Soviet security organization, it is not believed that the present United States intelligence system, or any instrumentality which the United States is presently capable of providing, including the available intelligence assets of other friendly states, can produce strategic intelligence on the Soviet with the degree of accuracy and timeliness which the National Security Council would like to have and which I would like to provide. Moreover, despite the utmost vigilance, despite watch committees, and all of the other mechanics for the prompt evaluation and transmission of intelligence, there is no real assurance that, in the event of sudden undeclared hostilities, certain advance warning can be provided.

As far as our intelligence production is concerned, the Central Intelligence Agency is basically an assembly plant for information produced by collaborating organizations of the Government, and its final product is necessarily dependent upon the quality of the contributions of these collaborating organizations.

SIGNED

WALTER B. SMITH
Director

Enclosures -
Tab A
Tab B

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78. (Continued)

CENTRAL INTELLIGENCE AGENCY

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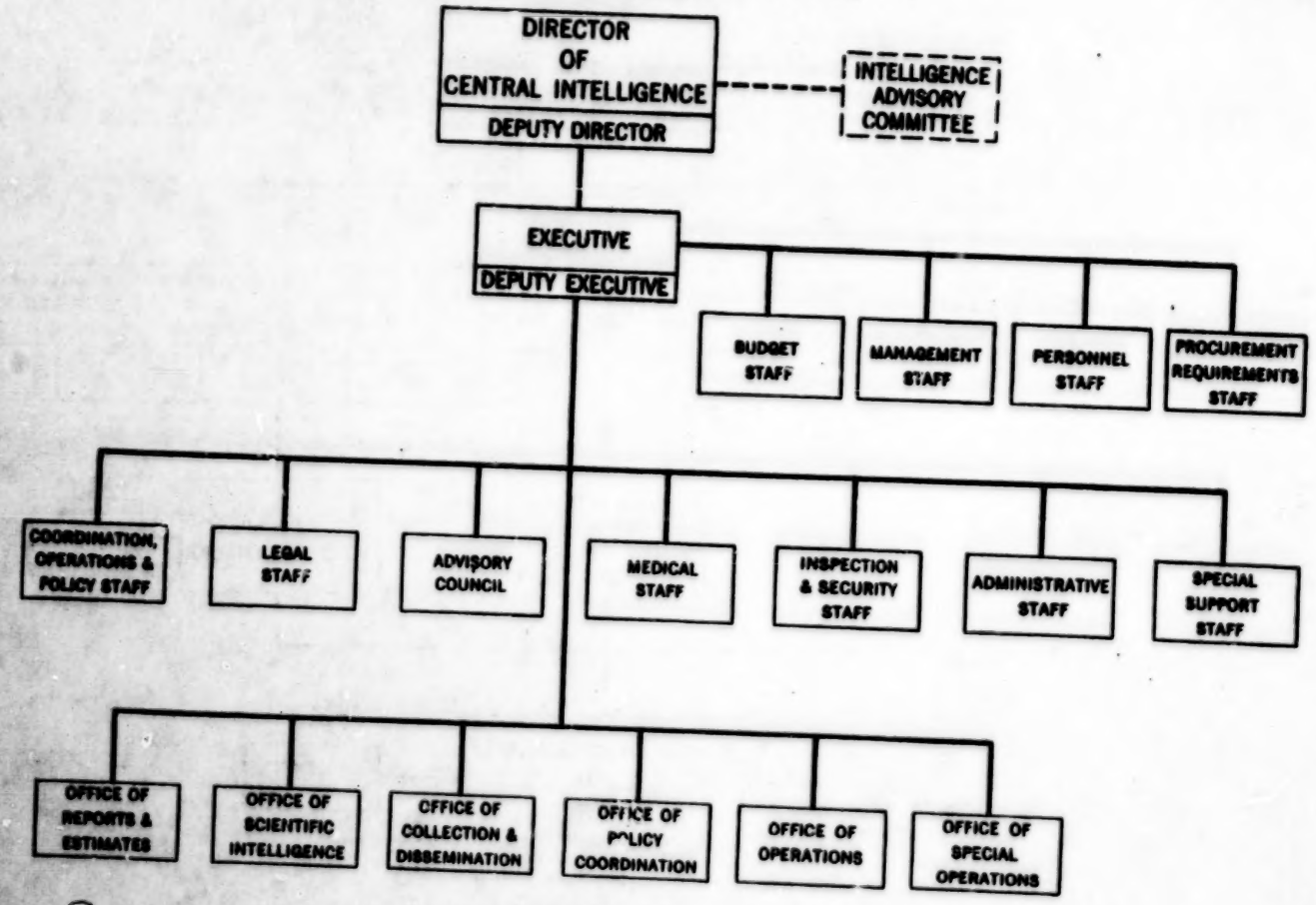
(Organization as of 1 October 1950)



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SECURITY INFORMATION

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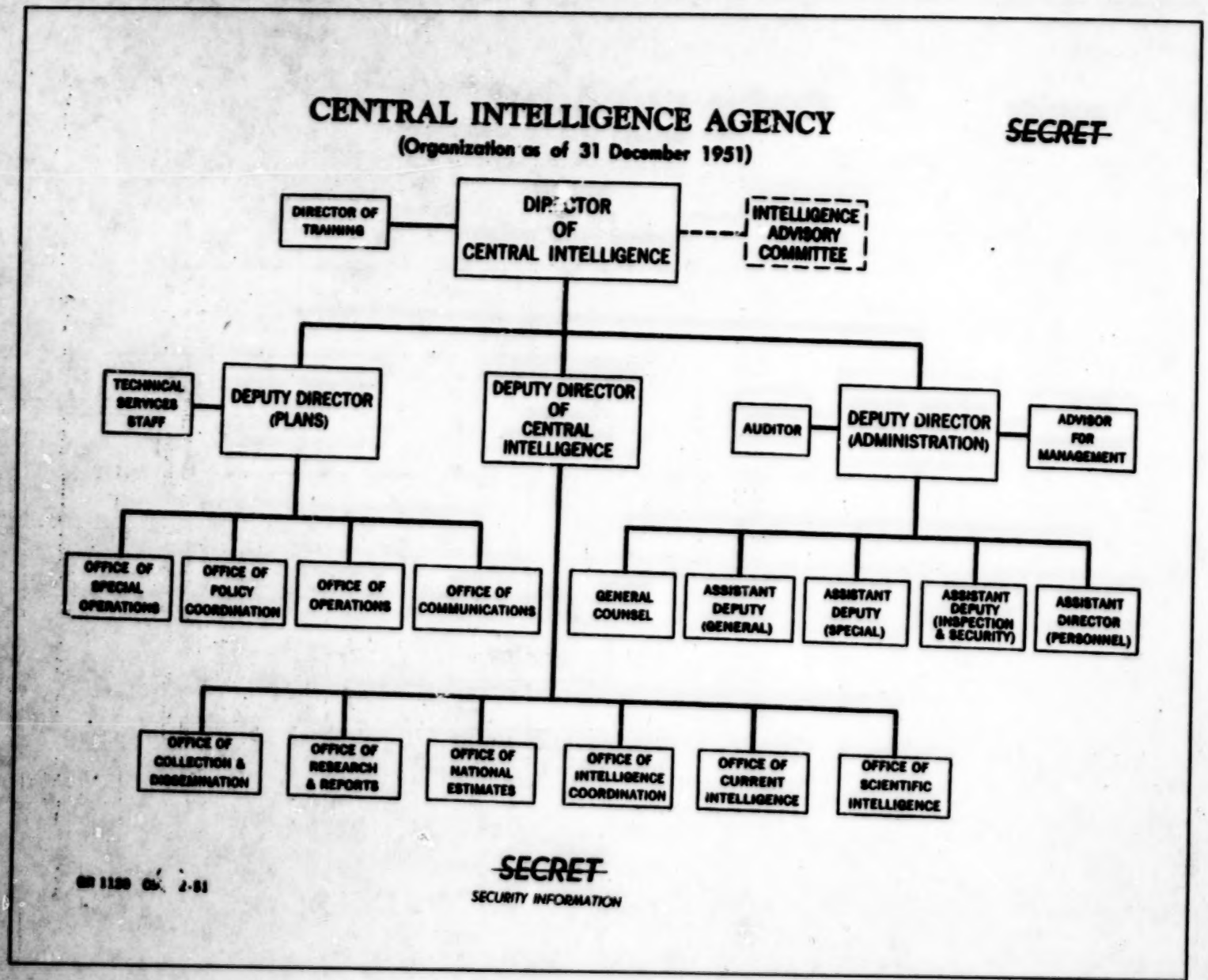
78. (Continued)



79. Smith to CIA Deputy Directors, "Organization of CIA Clandestine Services," 15 July 1952 (Typed copy)

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C O P Y

15 July 1952

MEMORANDUM FOR: Deputy Director of Central Intelligence
Deputy Director (Plans)
Deputy Director (Administration)
Deputy Director (Intelligence)
Director of Training
Assistant Director for Communications

SUBJECT : Organization of CIA Clandestine Services

1. a. This paper describes the structure of the organization of CIA clandestine services which will become effective on 1 August 1952.

b. It is designed to create a single overseas clandestine service, while at the same time preserving the integrity of the long-range espionage and counter-espionage mission of CIA from amalgamation into those clandestine activities which are subject to short term variations in the prosecution of the cold war. The experiences of the British and the OSS during the last war, as well as within CIA during the last three years, justify the conclusion that the best organizational arrangement consists of a single field organization with a single chain of command and a single set of administrative procedures, rather than two or three separate world-wide commands, each with its own field network and with separate policy and administrative procedures. There is no reason why the establishment of a single chain of command and of uniform administrative procedures would have any effect of submerging specialized OSO or OPC missions and techniques if intelligently applied.

2. It is intended to establish the single chain of command from Washington Headquarters to the chiefs of the merged field organizations by:

a. Designating the Deputy Director (Plans) as the Director's deputy for all CIA clandestine activities. In this capacity DD/P is responsible to the Director for the planning, execution and review of the missions entrusted to the Director under NSCID-5, NSC 10/2, and NSC 10/5, and to him is delegated the authority to carry out these functions.

b. Establishing in the immediate Office of the Deputy Director (Plans) a Chief of Operations, as well as staff elements specializing in long-range planning and programming and review and analysis. The Chief of Operations will function as a Chief of Staff and Deputy to DD/P with responsibility for the direction of operations, for coordinating the efforts of and eliminating duplication among all staff elements under DD/P, and for insuring

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also See HS/CSG-286

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prompt and effective compliance with operational directives, including those which establish priorities for clandestine operations.

c. Eliminating the current AD/SO and AD/PC command structure and establishing under DD/P staff elements specializing in secret intelligence and counter-espionage, political and psychological warfare, paramilitary operations, technical support, and administration. The chiefs of these staff elements are comparable to Assistant Chiefs of Staff in a field Army organization. They will be responsible for:

(1) Planning and supervising the proper performance of the missions and operations of their respective services.

(2) Career planning for their respective specialized corps of officers.

(3) Establishing standards for the recruitment, training, and professional performance for their respective services.

(4) Supervision, guidance, and inspection in all matters pertaining to their respective services.

(5) Timely and adequate recommendations within their respective spheres of activity and for staff supervision and follow-up to insure the effective execution of all orders and instructions issued by competent authority.

(6) Such additional functions as may be delegated to them.

d. Establishing the official designations and general functions of these staff officers as follows:

(1) Chief of Foreign Intelligence (formerly AD/SO). Senior officer for espionage and counter-espionage. Represents the Director in routine contacts with other agencies affecting the espionage and counter-espionage mission. His immediate office will include personnel specializing in these and related activities.

(2) Chief of Political and Psychological Warfare (formerly AD/PC). Senior officer for covert psychological and political warfare, resistance, and economic warfare. His immediate office will include personnel specializing in these and related activities.

(3) Chief of Paramilitary Operations. Senior officer for covert paramilitary activities, including war planning and preparation, sabotage and counter-sabotage, escape and evasion, and guerrilla warfare. He will organize his activities along military lines capable of close coordination with the military services in time of war.

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79. *(Continued)*

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(4) Chief of Technical Support. Directs the Office of Technical services in support of clandestine activities.

(5) Chief of Administration. A qualified Administrative Officer serving on the staff of the Deputy Director (Plans). Responsible to DD/P for insuring adequate support in trained personnel, equipment, funds, transportation, communications, facilities and services for all clandestine activities.

e. Maintaining the Area Divisions as presently established and designating the Area Division Chiefs, subject to paragraphs 2. a. and b. above, as the channels between Washington Headquarters and the various field installations in their geographic areas of responsibility. For example, all communications pertaining to activities in [redacted] originating with any Washington Headquarters office and addressed to any CIA activity in those areas will be coordinated with and sent physically through the EE Division. In effect, the Chiefs of the Area Divisions will act as the Director's executive officers for their respective geographic areas of responsibility.

f. Designating Senior Representatives in all countries abroad where there are CIA clandestine activities. These Senior Representatives will be responsible for the command supervision of all CIA activities in their areas. To those Senior Representatives will be delegated the authority for routine administrative decisions in consonance with established administrative procedures.

3. Procedures. The changed organizational structure recognizes only two command echelons: The Director and the Senior Representatives, with the Deputy Director (Plans) acting for the Director through the medium of the Area Divisions on matters pertaining to the conduct of clandestine activities. Orders to the Senior Representatives will be transmitted in the name of the Director. Technical and professional correspondence will be kept as informal as possible and will be encouraged between the Area Divisions, specialized staffs in Washington, and their counterparts in the field. Cable procedure will be adopted similar in general to the current practices of other major Government agencies. The Assistant Director for Communications will prepare for approval and prompt distribution a cable procedure manual in conformity with the above, and will arrange for the establishment of a message center, under the direction of a cable secretary, to centralize and standardize the handling and distribution of communications traffic. When in operation, the message center will become the responsibility of the Executive Assistant to the Director.

4. All existing directives and regulations in conflict with this document are rescinded effective 1 August 1952.

/s/ Walter B. Smith

WALTER B. SMITH
Director of Central Intelligence

1 Att
Organization chart

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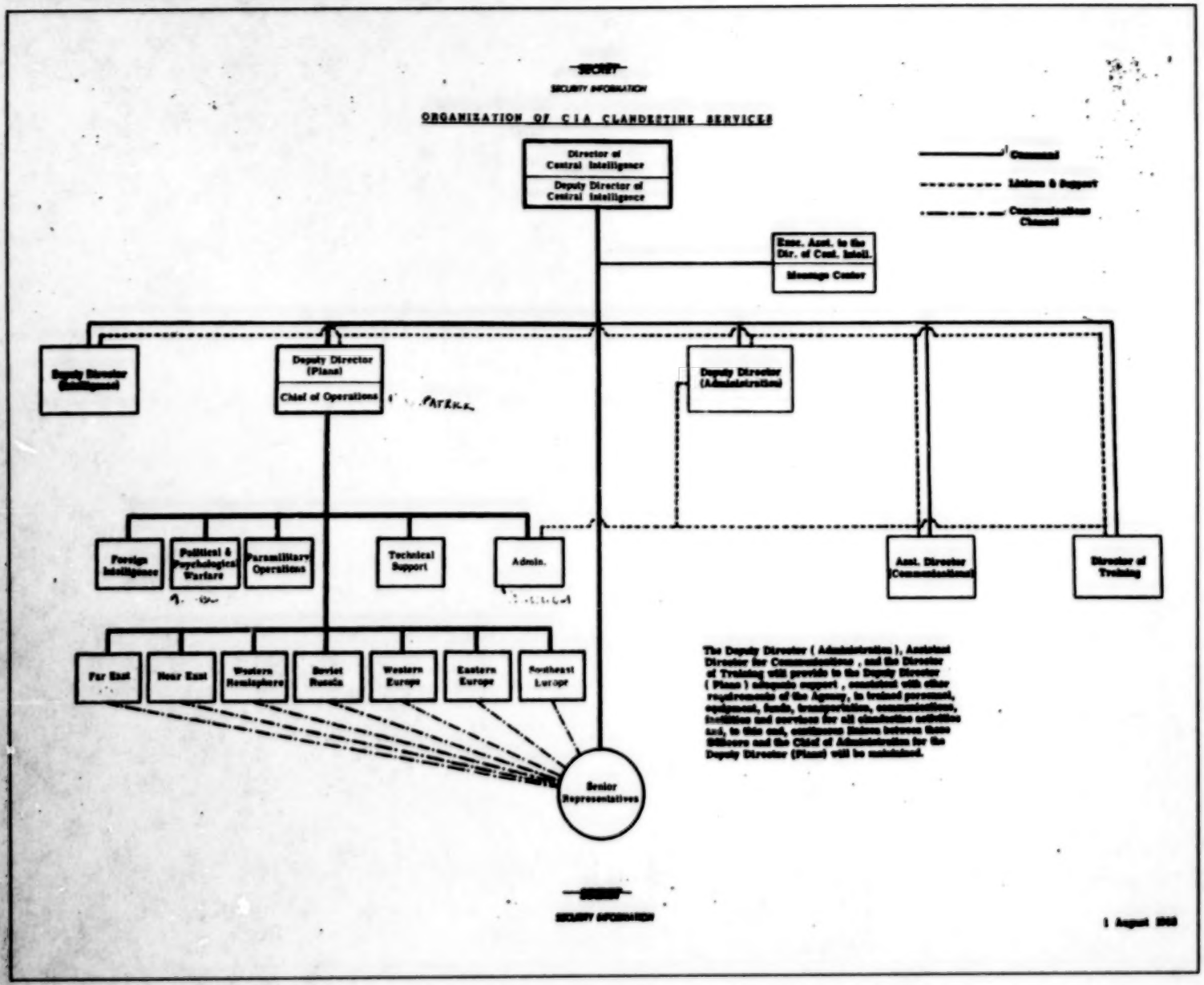
79. *(Continued)*



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80. [Office of the DCI], "Staff Conference," 27 October 1952

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~~SC-M-D~~
27 October 1952

STAFF CONFERENCE

Minutes of Meeting Held in Director's
Conference Room, Administration Building
Monday, 27 October 1952, at 1100 Hours

General Smith Presiding

Frank G. Wisner, Acting Deputy Director
Richard Helms, Acting Deputy Director for Plans
Loftus E. Becker, Deputy Director for Intelligence
Walter Reid Wolf, Deputy Director for Administration
James H. Andrews, Assistant Director for Collection and Dissemination
GeorgeG. Carey, Assistant Director for Operations
Ralph L. Clark, Acting Director for Scientific Intelligence
L. S. Hitchcock, Acting Assistant Director for Research & Reports
Sherman Kent, Assistant Director for National Estimates
Major General Harold H. McClelland, Assistant Director for Communications
Lt. General William H. H. Morris, Jr., Assistant Director for Personnel
James Q. Reber, Assistant Director for Intelligence Coordination
Huntington D.Sheldon, Assistant Director for Current Intelligence
Colonel Matthew Baird, Director of Training
Brig. General Jeasond C. Balmer, Chief for Plans and Program Coordination
Tracy Barnes, Chief for Political and Psychological Warfare
Colonel Sheffield Edwards, Chief, Inspection and Security
Willis Gibbons, Chief of Technical Support
Franklin Lindsay, Deputy Chief, Political and Psychological Warfare
Lyle T. Shannon, Chief of Administration, Office of DD/P
[redacted]
Brig. General John Weckerling, Chief of Paramilitary Staff
J. S. Earman, Executive Assistant to the Director
Robert W. Fuller, Assistant to the Director
Stanley J. Grogan, Assistant to the Director
Willard Galbraith, Office of the Inspector General

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~~SC-M-D~~
27 October 1952

80. *(Continued)*

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~~SC-M-10~~
27 October 1952

1. Personnel

The Director, mentioning that the Agency had recently experienced some difficulties in various parts of the world, remarked that these difficulties stemmed, by and large, from the use of improperly trained or inferior personnel. He stated that until CIA could build a reserve of well-trained people, it would have to hold its activities to the limited number of operations that it could do well rather than to attempt to cover a broad field with poor performance. He reminded the meeting that the Agency's primary mission was intelligence and that he would do nothing that militated against accomplishing this objective. He also noted that the difficulties resulted in part from poor security practices, pointing up the need for greater and continuing emphasis on security.

2. Statements to the Press

The Director, citing the case of a correspondent who had obtained a story concerning CIA, askedColonel Grogan if it were not possible to keep this story from being published or, if published, to have it so written that it would show no connection with the Agency. Colonel Grogan replied that this could be done and added that, in general, arrangements to stop a story could be made in individual cases.

General Smith remarked that when news correspondents request information regarding some story that they might have, involving CIA, they should be told nothing. He added that in rare cases, however, it might be necessary to go to the top man of a news organization in order to kill a story.

Colonel Grogan warned against off-the-record remarks. Regarding this, the Director stated that it is safe to make remarks "off the record" only when there is complete censorship, which we do not have in this country.

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~~SC-M-11~~
27 October 1952

81. Truman, Remarks of the President, 21 November 1952
(Typed copy)

REMARKS OF THE PRESIDENT

TO THE FINAL SESSION OF THE C.I.A.'S
EIGHTH TRAINING ORIENTATION COURSE FOR
REPRESENTATIVES OF VARIOUS GOVERNMENT
AGENCIES.

DEPARTMENT OF AGRICULTURE AUDITORIUM
WASHINGTON, D. C.
NOVEMBER 21, 1952
12:27 p.m., e.s.t.

Thank you very much. I am appreciative of the privilege that General Smith has offered me, to come over here and make a few remarks to this organization. I am, naturally, very much interested in it.

When I became President -- if you don't mind me reminiscing a little bit -- there was no concentration of information for the benefit of the President. Each department and each organization had its own information service, and that information service was walled off from every other service in such a manner that whenever it was necessary for the President to have information, he had to send to two or three departments to get it, and then he would have to have somebody do a little digging to get it.

The affairs of the Presidential Office, so far as information was concerned, were in such shape that it was necessary for me, when I took over the Office, to read a stack of documents that high, and it took me three months to get caught up.

Only two people around the White House really knew what was going on in the military affairs department, and they were Admiral Leahy and Admiral Brown. I would talk to them every morning and try to get all the information I could. And finally one morning I had a conversation with Admiral Leahy, and suggested to him that there should be a Central Intelligence Agency, for the benefit of the whole government as well as for the benefit of the President, so he could be informed.

And the Admiral and I proceeded to try to work out a program. It has worked very successfully. We have an intelligence information service now that I think is not inferior to any in the world.

We have the Central Intelligence Agency, and all the intelligence information agencies in all the rest of the departments of the government, coordinated by that Central Intelligence Agency. This agency puts the information of vital importance to the President in his hands. He has to know what is going on everywhere at home and abroad, so that he can intelligenctly make the decisions that are necessary to keep the government running.

I don't think anyone realises the immensity of the problems that face a President of the United States.

It was my privilege a few days ago to brief the General who is going to take over the Office on the 20th day of January, and he was rather appalled at all that the President needs to know in order to reach decisions -- even domestic

81. *(Continued)*

He must know exactly what is implied by what he does. The President makes a decision every day that can affect anywhere from 100 million to a billion and a half people. It is a tremendous responsibility.

And I don't think many of you realize the position in which this great country is, in this day and age.

We are at the top, and the leader of the free world -- something that we did not anticipate, something that we did not want, but something that has been forced on us. It is a responsibility which we should have assured in 1920. We did not assume it then. We have to assume it now, because it has again been thrust on us. It is out duty, under Heaven, to continue that leadership in the manner that will prevent a third World war -- which would mean the end of civilization. The weapons of destruction have become so powerful and so terrible that we can't even think of another all-out war. It would then bring into the war not only the fighting men -- the people who are trained as fighters -- but the whole civilian population of every country involved would be more thoroughly exposed to death and destruction than would the men at the front.

That is what we have to think about carefully. You are the organization, you are the intelligence arm that keeps the Executive informed so he can make decisions that always will be in the public interest for his own country, hoping always that it will save the free world from involvement with the totalitarian countries in an all-out war -- a terrible thing to contemplate.

Those of you who are deep in the Central Intelligence Agency know what goes on around the world -- know what is necessary for the President to know every morning. I am briefed every day on all the world, on everything that takes place from one end of the world to the other, all the way around -- by both the poles and the other way. It is necessary that you make that contribution for the welfare and benefit of your government.

I came over here to tell you how appreciative I am of the service which I received as the Chief Executive of the greatest Nation in the history of the world. You may not know it, but the Presidential Office is the most powerful Office that has ever existed in the history of this great world of ours. Genghis Khan, Augustus Caesar, great Napoleon Bonaparte, or Louis Fourteenth -- or any other of the great leaders and executives of the world -- can't even compare with what the President of the United States himself is responsible for, when he makes a decision. It is an Office that is without parallel in the history of the world.

That is the principal reason why I am so anxious that it be a continuing proposition, and that the successor to me, and the successor to him, can carry on as if no election had ever taken place.

That is the prospect that we are faced with now. I am giving this President, -- this new President -- more information than any other President ever had when he went into Office.

81. *(Continued)*

You gentlemen -- and ladies — are contributing to that ability of mine to be able to do that. I am extremely thankful to you. I think it is good that some of you have found out just exactly what a tremendous organization Intelligence has to be in this day and age. You can't run the government without it.

Keep up the good work. And when my successor takes over, I want you to give him just the same loyal service that you have given me, and then the country will go forward as it should.

Thank you very much.

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